

TOWN OF TEWKSBURY, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**For the fiscal year ended
June 30, 2005**

On the cover:

On August 30, 1999 the doors of the John F. Ryan Elementary School were opened to 775 Grade five and six Students. Students and parents were in awe of their new school and continue to take advantage of the many educational and after school programs.

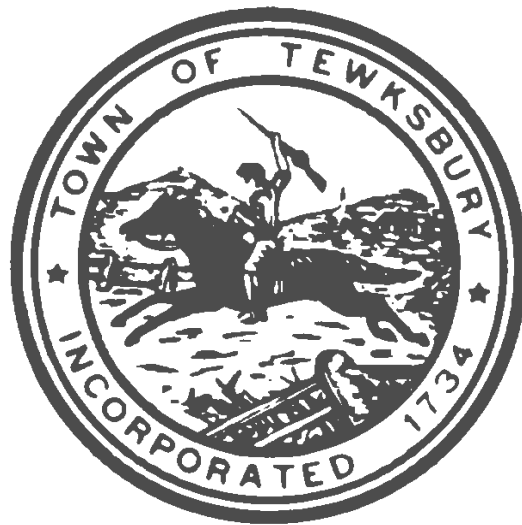


T. H. E. FARM – Tewksbury Hospital Equestrian FARM, therapeutic riding center located on Livingston Street. The center provides horseback riding lessons for the general public.

TOWN OF TEWKSBURY, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2005



Prepared by:

Auditor's Office

TOWN OF TEWKSBURY, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2005

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Introductory Section



In October 2001 the new South Fire Station was completed. The statue, created by Mico Kaufman, is entitled "Fireman's Muster". This is just one of Mr. Kaufman's statues Tewksbury is so very proud of.

Introductory Section

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TOWN OF TEWKSBURY

TOWN HALL ANNEX
11 TOWN HALL AVE
TEWKSBURY, MASSACHUSETTS 01876

FINANCE DEPARTMENT

DONNA M. WALSH
FINANCE DIRECTOR

(978) 640-4320
FAX (978) 851-6128

Letter of Transmittal

September 30, 2005

To the Honorable Board of Selectmen and Citizens of the Town of Tewksbury, Massachusetts:

At the close of each fiscal year, state law requires the Town of Tewksbury to publish a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), and that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Tewksbury, Massachusetts, for the fiscal year ending June 30, 2005 for your review.

This report consists of management's representations concerning the finances of the Town. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP.

The Town of Tewksbury's financial statements have been audited by Powers & Sullivan, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principals used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town's financial statements for the fiscal year ended June 30, 2005 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Tewksbury's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement that analysis and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

The Town of Tewksbury was incorporated as a Town in 1734. With a population of approximately 30,000, Tewksbury is located in the Merrimack Valley, 21 miles north of Boston, and occupies approximately 21 square miles. Bordered by two major highway systems, Routes 93 and 495, and a number of secondary roadways including Routes 38 and 133, Tewksbury provides an excellent location for its residents and its businesses.

Local legislative decisions are made by an open town meeting consisting of all registered voters in the Town. Subject to the legislative decisions made by Town Meeting, the affairs of the Town are generally administered by a board of five selectmen elected for staggered three-year terms on an at-large basis and assisted by a Town Manager. Local taxes are assessed by a Board of Assessors appointed for indefinite terms.

The School Committee, whose five members are elected for staggered three-year terms, has jurisdiction over the Town's public school system and appoints a Superintendent to administer the day-to-day affairs of the system.

The Town offers a full range of services including police and fire protection, public education in grades kindergarten through 12, maintenance of streets and infrastructure, solid waste collection and disposal, water and sewer services, health and human services, parks and recreation, community development, administrative and financial services.

The Lowell Regional Transit Authority provides bus coverage throughout the Town to surrounding communities. Electricity is supplied by National Grid and natural gas by Keyspan Energy. The Tewksbury Housing Authority provides public housing for eligible low income families, the elderly and the handicapped.

The Town manages its risk through a combination of self-insured programs and premium based coverage with commercial insurance carriers. Health care and workers compensation are a combination of self-insured and premium based plans. The Town is exposed to various risks of loss related to general liability, property and casualty, workers' compensation and unemployment compensation claims. Buildings and property are fully insured against fire, theft and natural disaster to the extent that losses exceed the Town's deductible per incident. These deductibles vary by type of incident, none of which exceed \$90,000.

Factors Affecting Economic Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Tewksbury operates.

The Town is a mature community with industrial and commercial activity concentrated along the major interstates that border the Town. Retail trade is concentrated along Route 38. Several nationally known companies have chosen to locate in the Town.

The Town continues to focus on providing high end services while maintaining its economic health. The per capita income is higher than state averages, and the unemployment rate has been low. The Town remains a very desirable community given its close proximity to Boston and quality of services provided.

The Town continues to manage its financial affairs in a prudent manner as is demonstrated by its Standard & Poor's "investment grade" bond rating of A+ even with the constraints of the Commonwealth of Massachusetts cutbacks and the general downturn in the economy. The Town's financial actions are generally guided by long range planning tools such as a five-year Capital Improvement Program; prioritizing spending plans and identifying discretionary spending; pay-as-you go financing strategies; long-term planning for all liabilities including pension and insurance reserves, and municipal best practices, which are reviewed annually at the beginning of each budget development cycle. Additionally the Town has enhanced its revenue flexibility by establishing enterprise funds for its sewer operations (FY04) and water operations (FY06) and many other user supported programs. This has allowed the Town to shift the operating costs to the users of certain services so that little or no tax support goes towards providing these services.

The Town commercial tax base represents 16% of the total Town value. Residential values have continued to increase and residential sales remain strong. The residential values demonstrate the desirability of the Town. The Town's proximity to Boston and major highways, its quality of life, and dedication to public education and public safety maintains the community's popular reputation.

At the State level the economic outlook for the Commonwealth has brightened, with reports of revenue surpluses. However, it is anticipated that state aid will at best be level funded and most likely increase minimally in the following years. This will leave the Town in a position of having to rely mainly on property taxes to cover the increasing cost of providing services and replace the revenue lost from the state.

The Town is currently managing \$83.2 million in long and short-term debt. This indebtedness consists of \$50.9 million of general obligation bonds, of which \$17.9 million is self-supporting through enterprise fund revenues, and \$32.3 million of bond anticipation notes related to the Town's school construction, senior center, and water and sewer projects. Under its school building assistance program, the Commonwealth is committed under a capital grant program to reimburse the Town 70% of approved costs incurred in the building of the new school facilities. Recently, the Commonwealth of Massachusetts enacted legislation that has changed the funding method of these school capital grants. Under the old method, the Town would bond the entire project and the Commonwealth would provide annual cash grants for the principal and interest expenditures over the term of the bonds. The new method will provide the Town with an up-front cash grant equal to 70% of approved costs, leaving the Town to borrow the remaining cost of the project. This new method will apply to the Wynn School.

The Town has authorized and unissued debt for new school facilities and expansion, water and sewer improvements, departmental equipment land acquisition and other various projects totaling \$94.8 million as of June 30, 2005.

Acknowledgements

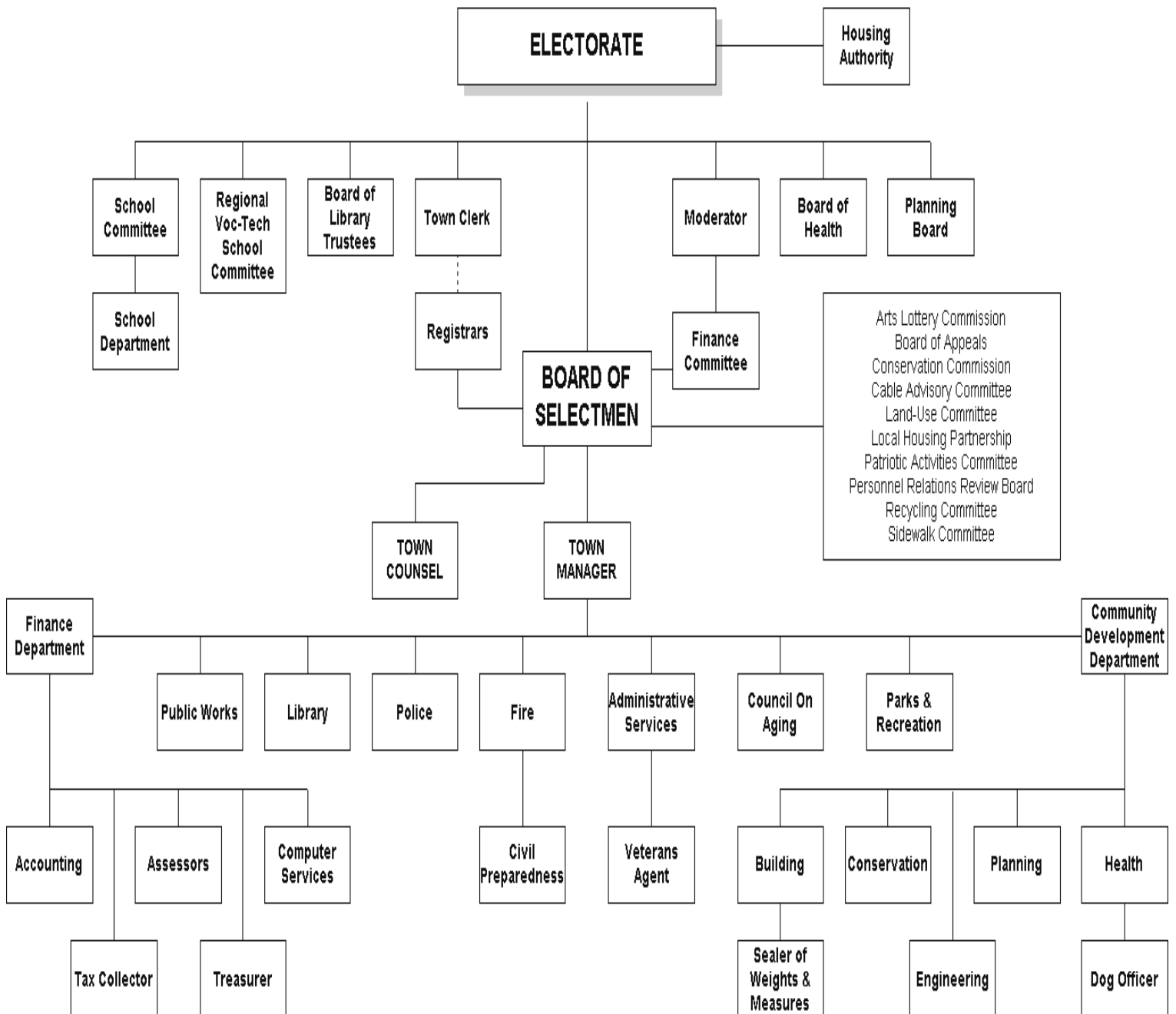
The preparation of this report would not have been possible without the efficient and dedicated services of the Finance Department's staff. We would like to express our appreciation to all the members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the Board of Selectmen and Town Manager for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Tewksbury's finances.

Respectfully submitted,

A handwritten signature in cursive script that reads "Donna M. Walsh". The signature is written in dark ink and is positioned above the printed name and title.

Donna M. Walsh
Finance Director

TOWN OF TEWKSBURY ORGANIZATIONAL CHART (FY'05)



Principal Town Officials

Elected Officials

Board of Selectmen

Joseph P. Gill, Jr., Chairperson
Charles E. Coldwell
John Mackey
John F. Ryan
Jerome E. Selissen, Vice Chairperson

School Committee

Dennis J. Peterson, Chairperson
Ruth M. Perrin, Clerk
Scott J. Consaul, Esq.
Keith E. Rauseo, Vice Chairperson
Joseph E. Russell

Town Clerk

Elizabeth A. Carey

Principal Executive Officers

Town Manager
Finance Director/Town Auditor
Town Accountant
Town Treasurer
Tax Collector
Town Counsel

David G. Cressman
Donna M. Walsh
Donna J. Gill
Janet K. Smith
Dorothy A. Lightfoot
Charles Zaroulis, Esq.

Financial Section



"The Gazebo" stands at the center of our town. Many tributes have been held here. It is surrounded by memorials to the many service men and women of Tewksbury. Concerts held at the Gazebo are enjoyed by all citizens during the summer months.

Financial Section

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Independent Auditors' Report

To the Honorable Board of Selectmen
Town of Tewksbury, Massachusetts

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tewksbury, Massachusetts, as of and for the fiscal year ended June 30, 2005, which collectively comprise the Town of Tewksbury's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Tewksbury, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tewksbury, Massachusetts, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2005, on our consideration of the Town of Tewksbury, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The combining fund statements, as listed in the table of contents, are presented for the purpose of supplementary analysis and are not a required part of the financial statements of the Town of Tewksbury, Massachusetts. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Management's discussion and analysis, located on the following pages, and schedule of revenues, expenditures and changes in fund balance – general fund – budgetary basis, located after the notes to the basic financial statements, are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

A handwritten signature in dark ink, appearing to read "Powers & Sullivan". The signature is fluid and cursive, with a period at the end.

September 30, 2005

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Tewksbury, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2005. The Town complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). Management's discussion and analysis are part of these requirements.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$64.4 million (net assets). Of this amount, \$11.9 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$15.8 million. This increase is attributable to the recognition of \$13.0 million in reimbursements of school construction projects, debt service payments exceeding depreciation expense, and profitable operations of the sewer enterprise fund.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund deficit of \$4.5 million, an increase of \$1.2 million in comparison with the prior year. The deficit is due to the Wynn School construction project, which will be eliminated in Fiscal 2006 when the Commonwealth pays the Town its share of construction costs.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2.3 million, or 3% percent of total government expenditures.
- The Town's issued new debt of \$2.8 million for various water projects and \$8.0 million for sewer projects during the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Tewksbury's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of finances in a manner similar to private sector business.

The *statements of net assets* presents information on all assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are primarily supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, sewer, human services, health and sanitation, culture and recreation, pension benefits, employee benefits, interest, state and county charges and other.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Tewksbury adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town of Tewksbury maintains two types of proprietary funds:

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its sewer department operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The Town uses internal service funds to account for health insurance activities and workers compensation benefits. Because these services primarily benefit governmental rather than business-type activities, they have been included within *governmental activities* in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier net assets may serve, over time, as a useful indicator of a government's financial position. The assets of governmental activities exceeded liabilities by \$44.7 million at the close of the FY2005. Key components of the Town's governmental financial position follows.

Governmental Activities:	Fiscal 2005	Fiscal 2004
Assets:		
Current assets.....	\$ 22,167,998	\$ 19,568,291
Noncurrent assets (excluding capital).....	20,235,000	8,602,000
Capital assets.....	62,564,186	61,553,813
Total assets.....	104,967,184	89,724,104
Liabilities:		
Current liabilities (excluding debt).....	9,918,903	10,992,302
Noncurrent liabilities (excluding debt).....	824,325	673,621
Current debt.....	19,832,811	17,168,740
Noncurrent debt.....	29,672,656	29,502,467
Total liabilities.....	60,248,695	58,337,130
Net Assets:		
Capital assets net of related debt.....	32,653,097	23,988,606
Restricted.....	482,861	586,320
Unrestricted.....	11,582,531	6,812,048
Total net assets.....	\$ 44,718,489	\$ 31,386,974

A significant portion of the Town's net assets (73%) reflects its investment in capital assets (i.e. land, buildings, infrastructure, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens: consequently these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to pay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net assets \$483,000 (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (26%) may be used to meet the government's ongoing obligations to citizens and creditors.

For the Town's business type activities, assets exceeded liabilities by \$19.6 million at the close of fiscal 2005.

Business-type Activities:	Fiscal 2005	Fiscal 2004
Assets:		
Current assets.....	\$ 18,357,642	\$ 12,500,075
Capital assets.....	38,310,330	27,225,332
Total assets.....	56,667,972	39,725,407
Liabilities:		
Current liabilities (excluding debt).....	3,348,151	1,417,540
Current debt.....	17,047,652	11,144,646
Noncurrent debt.....	16,620,907	9,968,559
Total liabilities.....	37,016,710	22,530,745
Net Assets:		
Capital assets net of related debt.....	19,353,410	16,582,939
Unrestricted.....	297,852	611,723
Total net assets.....	\$ 19,651,262	\$ 17,194,662

Business type net assets of \$19.3 million (98%) represent investments in capital assets net of related debt. The remaining 2% is available to be used for the ongoing operation of the Town's Sewer enterprise.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Revenues and Expenses

The governmental activities net assets increased by \$13.3 million during the current fiscal year. This increase is attributable to the recognition of \$13.0 million in reimbursements of school construction projects and debt service payments exceeding depreciation expense.

The key elements of governmental activities are as follows:

Governmental Activities:	Fiscal 2005	Fiscal 2004
Program revenues:		
Charges for services.....	\$ 9,952,897	\$ 10,368,514
Operating grants and contributions.....	22,245,887	17,198,770
Capital grants and contributions.....	11,412,169	902,148
General Revenues:		
Real estate and personal property taxes.....	43,214,802	40,942,805
Motor vehicle and other excise taxes.....	3,974,668	3,766,073
Nonrestricted grants.....	2,977,289	2,660,707
Unrestricted investment income.....	221,848	181,534
Other revenues.....	998,172	793,882
Total revenues.....	\$ 94,997,732	\$ 76,814,433

Governmental Activities:	Fiscal 2005	Fiscal 2004
Expenses:		
General government.....	\$ 3,252,039	\$ 3,422,736
Public safety.....	12,274,105	13,193,902
Education.....	50,741,070	48,158,024
Public works.....	6,763,158	6,151,263
Human services.....	627,043	566,505
Health and sanitation.....	3,554,919	2,802,218
Culture and recreation.....	2,011,778	2,318,645
Claims and judgments.....	-	6,000
Interest.....	1,665,846	1,951,475
State and county charges.....	416,159	353,683
Total expenses.....	81,306,117	78,924,450
Net (Expense) Revenue.....	13,691,615	(2,110,017)
Transfers.....	(360,100)	(367,472)
Change in net assets.....	\$ 13,331,515	\$ (2,477,489)

Governmental expenses totaled \$81.3 million of which \$43.6 million (54%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$51.4 million, primarily coming from property taxes, motor vehicle excise, lottery and other revenues.

Charges for services represent about 10% of governmental activities resources. The Town can exercise more control over this category of revenue than any other. Fees charged for services rendered that are set by Town Meeting, the Board of Selectmen, Town boards and commissions and the Town Manager are included in this category.

Operating and capital grants and contributions account for 35% of the governmental activities resources. Most of these resources apply to education operations. These resources offset costs within the school department in addition to their general fund operating budget.

Property taxes are the most significant revenue source for the Town's governmental activities. They comprise 45% of all resources.

Other taxes comprise 4% of the governmental activity's resources.

Education is by far the largest governmental activity of the Town. A total of \$51 million was expended for education, of which \$22 million was funded by program revenues. The remaining \$29 million was funded by taxes and other revenue. Additionally, \$11 million in state school building assistance was recognized as a capital grant in fiscal 2005.

Public safety and health and sanitation are the second and third largest activities of the Town. \$10.5 million and \$3.5 million of general revenues were needed to cover their FY05 operating expenses, respectively.

Business-type activities net assets increased by \$2.5 million during the current fiscal year. The primary reason for this increase is due to the fact that the sewer rates are designed to meet current and future debt service payments.

The key elements of the business-type activities are as follows:

Business-type Activities:	Fiscal 2005	Fiscal 2004
Program revenues:		
Charges for services.....	\$ 3,886,270	\$ 3,009,377
Nonoperating grants and contributions.....	179,245	187,517
General revenues:		
Unrestricted investment income.....	6,979	6,433
Total revenues.....	4,072,494	3,203,327
Expenses.....	1,975,994	2,722,624
Net (Expense) Revenue.....	2,096,500	480,703
Transfers.....	360,100	367,472
Change in net assets.....	\$ 2,456,600	\$ 848,175

Financial Analysis of the Government's Funds

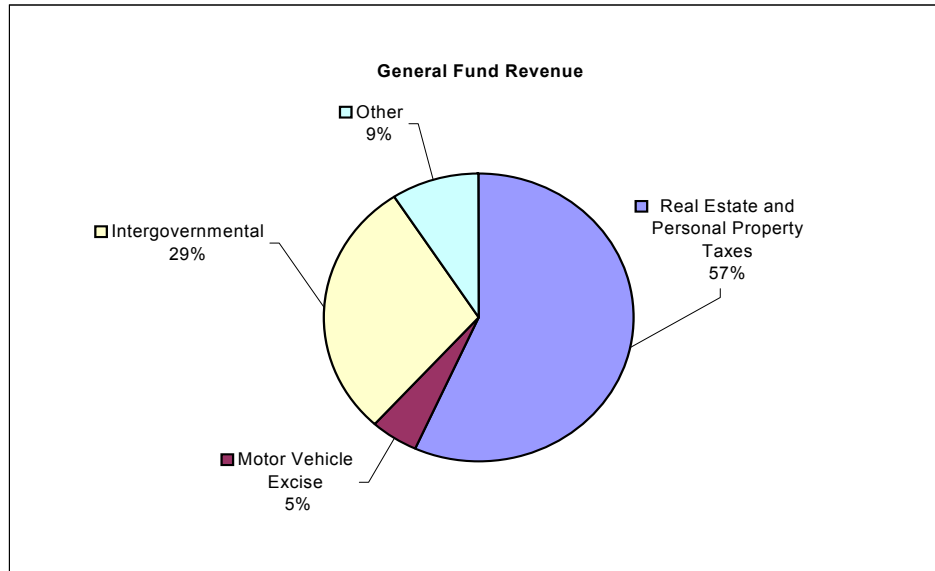
As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

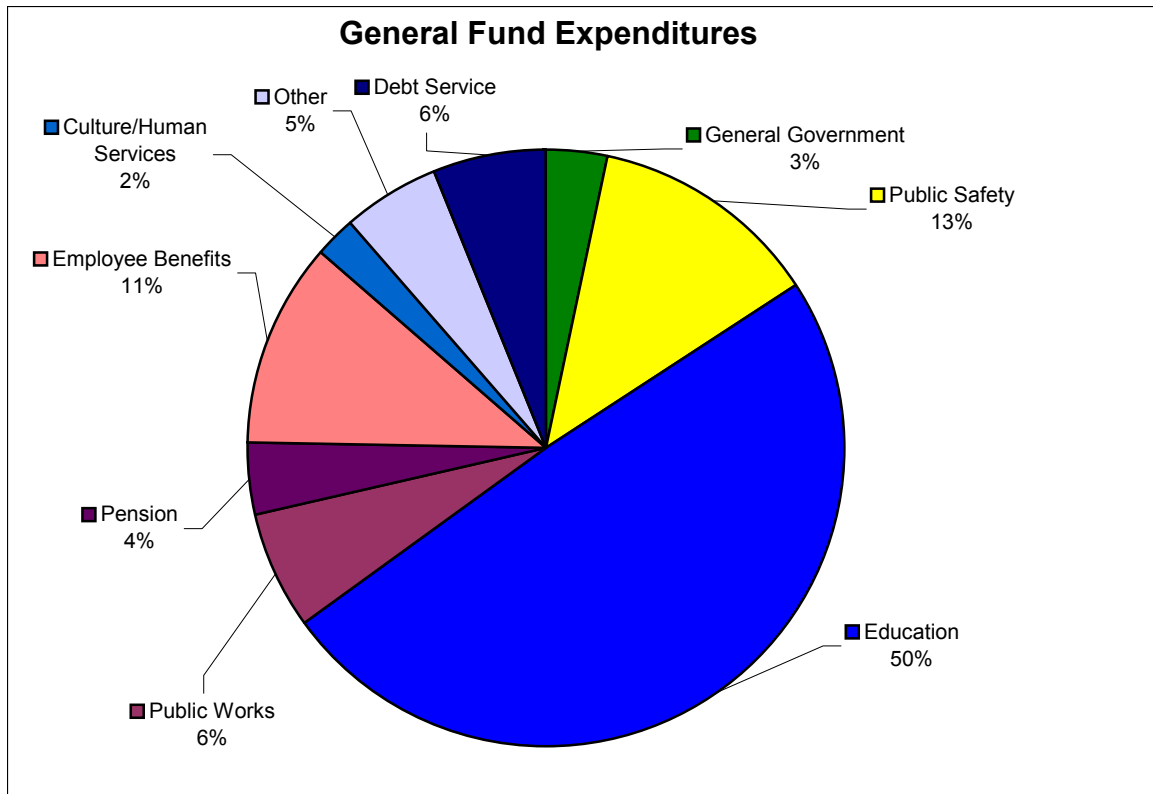
At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances totaling a negative \$4.5 million. \$4.9 million is for the general fund, (\$12.2 million) is attributed to the Wynn School Construction project, and \$2.8 million is for nonmajor governmental funds. Cumulatively there was an increase of \$1.2 million in fund balances from the prior year.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2.3 million while total fund balance was \$4.9 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and the total fund balance to total fund expenditures. Unreserved fund balance represents 3% of the total general fund expenditures, while total fund balance represents 6% of that same amount. Reservation of fund balance for encumbrances and continuing appropriations totaled \$314,000. Additionally, \$1.2 million was designated for amounts voted to be used in FY06 and \$1.0 million was designated for the joint venture relating to the Town's participation in the Northeast Solid Waste Committee.

Financial Summary



- Overall, general fund revenue increased 8.3% compared to FY04. This increase is primarily due to an increase in taxes, intergovernmental revenue and user charges.
- Tax revenue continues to be the most significant revenue source for the Town, representing 57% of total general fund revenue. Tax revenue increased in accordance with the provisions of the Massachusetts law, which limits such increase to 2 ½ % over the preceding year plus an allowance for new growth. Tax revenue increased by 5.2% in FY05, primarily due to additional taxes collected as allowed under Proposition 2 ½.
- Intergovernmental revenue represents 29% of total general fund revenues. This includes state aid as well as \$5,035,000 in payments made by the State to the Massachusetts Teachers' Retirement Association for teachers' pension benefits. Intergovernmental revenue increased by 13.2% from FY04.
- Motor vehicle revenue continued to be a strong source of revenue, although remaining flat when compared to FY04. Motor vehicle revenue represents 5% of the total general fund revenues.
- License and permit revenue totaled \$614,000, reflecting strong home renovation and building activity in the Town.



- Expenditures in the general fund increased 6% as compared to FY04. The primary increase occurred in education, health and sanitation and pension costs.
- Education continues to represent the largest category of general fund expenditures, approximating 50% in FY05. The Town is committed to providing a high-quality education through its public schools.
- Public Safety and Public Works represent a combined 20% of general fund expenditures. This reflects the Town's commitment to providing a safe, secure environment and essential public services.
- Debt service increased slightly in FY05. Debt service costs in FY05 were 6% of total general fund expenditures, reflecting the Town's ongoing commitment to its school building program, water system improvements, public safety facilities and recreation and cultural facilities.
- Employee benefits and pension costs increased 12% over FY05, reflecting increased pension costs and high health insurance costs experienced throughout the state and region.

The Town's general fund increased by \$556,000 in fiscal 2005. This was due primarily to better than expected intergovernmental, hotel tax and license and permit revenues that resulted in the Town not having to use reserves.

The Wynn School Construction fund is used to account for the Town's ongoing major school construction project. The school was substantially complete by June 30, 2004. The fund balance is in a deficit position (\$12.2 million) because bond anticipation notes (BANS) have not yet been paid off. The BANS are anticipated to be liquidated in fiscal 2006 when the Massachusetts School Building Authority reimburses the Town its expected 70% of approved construction costs.

Financial and Management Policies and Systems

Internal controls. Management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Finance Director is responsible for evaluating the adequacy and effectiveness of the internal control structure and implementing improvements.

Because the cost of internal controls should not outweigh their benefits, the Town of Tewksbury's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Budgetary controls. The Town Manager is responsible for preparing and presenting the budget to the Board of Selectmen. The Selectmen review all requests and Town wide issues and present a budget to Town Meeting for approval. A Finance Committee reviews the budget and makes recommendations to Town Meeting.

The level of budgetary control is established by Town Meeting and this approval defines the level at which expenditures may not exceed appropriations. This level is typically at the individual department salary and expense level. The Finance director is responsible for ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings. The Finance Committee, upon request by the Board of Selectmen, may approve during the year a transfer from a reserve fund established at Town Meeting. These controls ensure compliance with the budget approved by Town Meeting.

Cash management. Cash management is handled by the Town Treasurer. The Treasurer monitors the Town's cash flow and provides for the investment of Town funds. The Treasurer seeks to maximize the return on Town funds while maintaining adequate protection and liquidity of funds.

Quarterly tax billings and excellent collection rates have eliminated the need to borrow on a short term basis to maintain cash flow. The Town's investment options are governed by Massachusetts General Laws and focus on safety, liquidity and yield.

Risk management. The Town is exposed to various risks of loss related to general liability, property and casualty, workers' compensation and unemployment compensation claims.

General Fund Budgetary Highlights

The difference between the original budget and the final budget was a negligible \$238,000 and was due primarily to an increase in the education budget.

Capital Asset and Debt Administration

In conjunction with the annual operating budget the Town of Tewksbury annually prepares a capital budget for the upcoming fiscal year and a five year Capital Improvement Plan (CIP) that is used as a guide for future capital expenditures.

Capital assets. The Town of Tewksbury's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to \$100.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, water and sewer system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the Town's investment in capital assets for the current year was \$12.1 million.

<u>Capital Asset</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Land.....\$	2,049,881	\$ -	\$ 2,049,881
Construction in progress.....	949,002	13,089,761	14,038,763
Artwork.....	896,500	-	896,500
Land improvements.....	283,999	-	283,999
Buildings.....	46,671,034	-	46,671,034
Buildings improvements.....	7,923,718	-	7,923,718
Machinery and equipment.....	2,431,563	-	2,431,563
Library and school books.....	1,000,658	-	1,000,658
Computer Software.....	41,676	-	41,676
Infrastructure.....	316,155	25,220,569	25,536,724
Total.....\$	<u>62,564,186</u>	<u>\$ 38,310,330</u>	<u>\$ 100,874,516</u>

Major capital asset events during the current fiscal year included the following:

- Construction on the Master Sewer project is continuing with \$11.8 million expended in fiscal 2005. This is a multi phase, \$80.6 million project that, when completed, will provide sewer services to the remainder of the Town.
- Construction of the water treatment residual processing facility continued. A total of \$715,000 was spent in fiscal 2005. The plant became operational in fiscal 2005.
- The Town expended \$550,000 in design services for the planned \$7.25 million construction of a new water storage tank.

Debt Administration

The Town maintains an “A+” bond rating from Standard & Poor. The Town continues to maintain strong market access for both note and bond sales. At the end of the fiscal year the Town had total bonded debt outstanding of \$50.9 million of which \$16.5 million is related to school projects, \$9.7 million is for water projects, \$18 million is related to sewer projects (which is presented in the business type activities), \$1.9 million is related to the construction of the Town library, and \$3.4 million relates to public safety projects, leaving a balance of \$1.4 million for other CIP related projects. The entire amount is classified as general obligation debt and is backed by the full faith and credit of the Town. The Town has no revenue bonds outstanding, which are bonds secured solely by specific revenue sources.

The Town issued long-term debt in FY2005 totaling \$11.5 million. Of this, \$2.8 million was for water, \$8 million was for sewer projects (which is presented in the business type activities) and \$635,000 were for other CIP related projects. Additionally, \$32.3 million in bond anticipation notes (BANS) were issued during the year to continue the funding of the Wynn School, the water treatment plant, the senior center expansion and the master sewer project.

The Commonwealth of Massachusetts is obligated to provide school construction assistance for approved school projects. The assistance is paid annually to support the debt service payments over time. The Town has been approved for a 70% reimbursement of approved construction costs. At June 30, 2005 the Town is scheduled to receive \$25.9 million of future reimbursements for the Ryan and Wynn Schools.

State statutes limit the amount of general obligation debt a government entity may issue to 5% of its total equalized property valuation as determined by the Massachusetts Department of Revenue. This limit could go to 10% with approval of a state oversight board. In addition certain general obligation debt is exempt from the limit such as debt associated with school construction and many water improvement projects. The current debt limitation for the Town of Tewksbury is approximately \$188 million, which is significantly in excess of the Town's outstanding general obligation debt that is subject to this limit.

Please refer to notes 4, 7 and 8 for further discussion of the major capital and debt activity.

Economic Factors and Next Year Budget and Rates

- The Commonwealth of Massachusetts essentially provided level funding to the Town for fiscal year 2006. This essentially means that all increased in cost, including education, will have to be covered by taxation and other fee and charges assessed.
- New property growth has been planned for in FY06, with the Town has budgeting about \$500,000 in new tax revenue. This equates to approximately \$49 million in property value.
- Labor costs are budgeted to increase less than 3 percent as well as the overall budget.
- Health insurance costs are expected to increase, but not as dramatically as in prior years, as more employees migrate to more economical plans.

All these factors were considered in preparing the Town's budget for fiscal year 2006.

At the end of the current fiscal year, unreserved fund balance in the general fund is \$4.6 million. The Town has appropriated \$1.2 million of this amount to balance the fiscal year 2006 budget.

The Town's residential tax rate for fiscal year 2006 will decrease \$.03 from \$10.10 per thousand of valuation to \$10.07. The valuation of all Town property totaled \$4.01 billion. This is approximately a 5% increase from the FY 2005 property valuation of \$3.79 billion.

The Town's commercial tax rate for fiscal year 2006 will decrease \$0.34 from \$18.08 per thousand of valuation to \$17.74.

Water rates increased in fiscal year 2006 by 25% to 35%. This is the first rate increase in 13 years.

Sewer rates will remain the same at \$5.60 per thousand gallons for fiscal year 2006.

Requests for Information

This financial report is designed to provide a general overview of the Town of Tewksbury's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Town Hall Annex, 11 Town Hall Avenue, Tewksbury, MA 01876.

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Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2005

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 16,019,761	\$ 17,037,491	\$ 33,057,252
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	496,115	-	496,115
Tax liens.....	1,169,875	-	1,169,875
Motor vehicle excise taxes.....	239,271	-	239,271
User fees.....	765,769	-	765,769
Sewer fees.....	-	1,320,151	1,320,151
Departmental and other.....	335,430	-	335,430
Intergovernmental.....	741,230	-	741,230
Investment in joint venture.....	1,013,047	-	1,013,047
Working capital deposit.....	1,387,500	-	1,387,500
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	20,235,000	-	20,235,000
Capital assets, net of accumulated depreciation:			
Nondepreciable.....	3,895,383	13,089,761	16,985,144
Depreciable.....	58,668,803	25,220,569	83,889,372
TOTAL ASSETS.....	104,967,184	56,667,972	161,635,156
LIABILITIES			
CURRENT:			
Warrants payable.....	2,698,279	2,749,770	5,448,049
Accrued payroll.....	1,571,309	-	1,571,309
Health claims payable.....	1,077,000	-	1,077,000
Tax refunds payable.....	722,000	-	722,000
Accrued interest.....	722,996	443,394	1,166,390
Other liabilities.....	322,022	154,987	477,009
Capital lease obligations.....	354,297	-	354,297
Compensated absences.....	2,451,000	-	2,451,000
Bonds and notes payable.....	19,832,811	17,047,652	36,880,463
NONCURRENT:			
Capital lease obligations.....	824,325	-	824,325
Bonds and notes payable.....	29,672,656	16,620,907	46,293,563
TOTAL LIABILITIES.....	60,248,695	37,016,710	97,265,405
NET ASSETS			
Invested in capital assets, net of related debt.....	32,653,097	19,353,410	52,006,507
Restricted for:			
Permanent funds:			
Expendable.....	40,533	-	40,533
Other purposes.....	442,328	-	442,328
Unrestricted.....	11,582,531	297,852	11,880,383
TOTAL NET ASSETS.....	\$ 44,718,489	\$ 19,651,262	\$ 64,369,751

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2005

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 3,252,039	\$ 1,805,126	\$ 1,006,839	\$ -	\$ (440,074)
Public safety.....	12,274,105	1,355,772	395,902	-	(10,522,431)
Education.....	50,741,070	3,009,477	18,573,520	11,412,169	(17,745,904)
Public works.....	6,763,158	3,374,701	965,573	-	(2,422,884)
Human services.....	627,043	48,820	89,957	-	(488,266)
Health and Sanitation.....	3,554,919	7,732	-	-	(3,547,187)
Culture and recreation.....	2,011,778	351,269	48,004	-	(1,612,505)
Interest.....	1,665,846	-	1,166,092	-	(499,754)
State and county charges.....	416,159	-	-	-	(416,159)
Total Governmental Activities.....	81,306,117	9,952,897	22,245,887	11,412,169	(37,695,164)
<i>Business-Type Activities:</i>					
Sewer.....	1,975,994	3,886,270	179,245	-	2,089,521
Total Primary Government.....	\$ 83,282,111	\$ 13,839,167	\$ 22,425,132	\$ 11,412,169	\$ (35,605,643)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (Continued)

FISCAL YEAR ENDED JUNE 30, 2005

	Governmental Activities	Business-Type Activities	Total
Changes in net assets:			
Net (expense) revenue from previous page.....	\$ (37,695,164)	\$ 2,089,521	\$ (35,605,643)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	43,214,802	-	43,214,802
Tax liens.....	332,008	-	332,008
Motor vehicle and other excise taxes.....	3,974,668	-	3,974,668
Hotel/motel tax.....	408,803	-	408,803
Penalties and interest on taxes.....	239,322	-	239,322
Grants and contributions not restricted to specific programs.....	2,977,289	-	2,977,289
Unrestricted investment income.....	221,848	6,979	228,827
Miscellaneous.....	18,039	-	18,039
<i>Transfers, net</i>	(360,100)	360,100	-
Total general revenues and transfers.....	51,026,679	367,079	51,393,758
Change in net assets.....	13,331,515	2,456,600	15,788,115
<i>Net Assets:</i>			
Beginning of year.....	31,386,974	17,194,662	48,581,636
End of year.....	\$ 44,718,489	\$ 19,651,262	\$ 64,369,751

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2005

ASSETS	General	Wynn School Construction	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents.....	\$ 7,559,799	\$ 1,161	\$ 7,549,582	\$ 15,110,542
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	496,115	-	-	496,115
Tax liens.....	1,169,875	-	-	1,169,875
Motor vehicle excise taxes.....	239,271	-	-	239,271
User fees.....	764,276	-	1,493	765,769
Departmental and other.....	317,855	-	-	317,855
Intergovernmental.....	20,773,000	-	203,230	20,976,230
Due from other funds.....	-	-	238,156	238,156
Investment in joint venture.....	1,013,047	-	-	1,013,047
TOTAL ASSETS.....	\$ 32,333,238	\$ 1,161	\$ 7,992,461	\$ 40,326,860
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Warrants payable.....	\$ 1,239,557	\$ -	\$ 587,776	\$ 1,827,333
Accrued payroll.....	1,563,230	-	8,079	1,571,309
Tax refunds payable.....	722,000	-	-	722,000
Accrued interest on short-term debt.....	197,512	-	-	197,512
Other liabilities.....	293,886	-	28,136	322,022
Deferred revenues.....	23,429,534	-	1,493	23,431,027
Due to other funds.....	-	-	238,156	238,156
Notes payable.....	-	12,180,000	4,370,000	16,550,000
TOTAL LIABILITIES.....	27,445,719	12,180,000	5,233,640	44,859,359
FUND BALANCES:				
Reserved for:				
Encumbrances and continuing appropriations.....	314,351	-	-	314,351
Unreserved:				
Designated for investment in joint venture.....	1,013,047	-	-	1,013,047
Designated for subsequent year's expenditures.....	1,224,146	-	-	1,224,146
Undesignated, reported in:				
General fund.....	2,335,975	-	-	2,335,975
Special revenue funds.....	-	-	2,119,255	2,119,255
Capital projects funds.....	-	(12,178,839)	599,033	(11,579,806)
Permanent funds.....	-	-	40,533	40,533
TOTAL FUND BALANCES.....	4,887,519	(12,178,839)	2,758,821	(4,532,499)
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 32,333,238	\$ 1,161	\$ 7,992,461	\$ 40,326,860

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS**

JUNE 30, 2005

Total governmental fund balances.....	\$ (4,532,499)
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	62,564,186
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....	23,431,027
Internal service funds are used by management to account for retirees' health insurance and workers' compensation activities:	
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.....	366,348
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(525,484)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds and notes payable.....	(32,955,467)
Capital lease obligations.....	(1,178,622)
Compensated absences.....	(2,451,000)
Net effect of reporting long-term liabilities.....	(36,585,089)
Net assets of governmental activities.....	<u>\$ 44,718,489</u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2005

	General	Wynn School Construction	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ 43,361,398	\$ -	\$ -	\$ 43,361,398
Motor vehicle and other excise taxes.....	3,899,761	-	-	3,899,761
Other excise taxes.....	1,214,864	-	-	1,214,864
Charges for services.....	651,618	-	911,627	1,563,245
Water user charges.....	3,167,975	-	-	3,167,975
Penalties and interest on taxes.....	239,322	-	-	239,322
Fees.....	193,306	-	1,511,201	1,704,507
Rentals.....	396,517	-	6,257	402,774
Payments in lieu of taxes.....	20,328	-	-	20,328
Licenses and permits.....	614,085	-	-	614,085
Fines and forfeitures.....	138,544	-	-	138,544
Intergovernmental.....	22,257,999	-	3,494,247	25,752,246
Other.....	122,069	-	679,503	801,572
Investment income.....	193,286	-	11,393	204,679
TOTAL REVENUES.....	76,471,072	-	6,614,228	83,085,300
EXPENDITURES:				
Current:				
General government.....	2,474,864	-	230,743	2,705,607
Public safety.....	9,565,273	-	327,125	9,892,398
Education.....	37,529,681	55,703	4,634,296	42,219,680
Public works.....	4,834,977	-	3,518,599	8,353,576
Human services.....	347,632	-	238,551	586,183
Health and sanitation.....	3,481,795	-	-	3,481,795
Culture and recreation.....	1,444,871	-	329,305	1,774,176
Pension benefits.....	2,961,251	-	-	2,961,251
Employee benefits.....	8,347,238	-	-	8,347,238
State and county charges.....	416,159	-	-	416,159
Debt service:				
Principal.....	3,041,740	-	-	3,041,740
Interest.....	1,661,300	-	-	1,661,300
TOTAL EXPENDITURES.....	76,106,781	55,703	9,278,619	85,441,103
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	364,291	(55,703)	(2,664,391)	(2,355,803)
OTHER FINANCING SOURCES (USES):				
Issuance of bonds and notes.....	-	-	3,453,000	3,453,000
Capital lease financing.....	505,000	-	-	505,000
Transfers in.....	53,733	7,387	6,650	67,770
Transfers out.....	(366,750)	-	(61,120)	(427,870)
TOTAL OTHER FINANCING SOURCES (USES).....	191,983	7,387	3,398,530	3,597,900
NET CHANGE IN FUND BALANCES.....	556,274	(48,316)	734,139	1,242,097
FUND BALANCES AT BEGINNING OF YEAR.....	4,331,245	(12,130,523)	2,024,682	(5,774,596)
FUND BALANCES AT END OF YEAR.....	\$ 4,887,519	\$ (12,178,839)	\$ 2,758,821	\$ (4,532,499)

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED JUNE 30, 2005

Net change in fund balances - total governmental funds.....	\$ 1,242,097
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay.....	2,881,767
Depreciation expense.....	<u>(1,871,394)</u>
Net effect of reporting capital assets.....	1,010,373
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred revenue.....</p>	
	11,895,263
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.</p>	
Issuance of bonds and notes.....	(3,453,000)
Capital lease financing.....	(505,000)
Debt service principal payments.....	3,041,740
Principal payments on capital leases.....	<u>354,296</u>
Net effect of reporting long-term debt.....	(561,964)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Net change in compensated absences accrual.....	(252,000)
Net change in accrued interest on long-term debt.....	<u>(4,546)</u>
Net effect of recording long-term liabilities and amortizing deferred losses.....	(256,546)
<p>Internal service funds are used by management to account for health insurance.</p>	
The net activity of internal service funds is reported with Governmental Activities.....	<u>2,292</u>
Change in net assets of governmental activities.....	<u>\$ 13,331,515</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2005

	Sewer Enterprise	Governmental Activities - Internal Service Funds
ASSETS		
CURRENT:		
Cash and cash equivalents.....	\$ 17,037,491	\$ 909,219
Receivables, net of allowance for uncollectibles:		
Sewer fees.....	1,320,151	-
Departmental and other.....	-	17,575
Working capital deposit.....	-	1,387,500
	<u>18,357,642</u>	<u>2,314,294</u>
Total current assets.....		
	<u>18,357,642</u>	<u>2,314,294</u>
NONCURRENT:		
Capital assets, net of accumulated depreciation:		
Nondepreciable.....	13,089,761	-
Depreciable.....	25,220,569	-
	<u>38,310,330</u>	<u>-</u>
Total noncurrent assets.....		
	<u>38,310,330</u>	<u>-</u>
TOTAL ASSETS.....	<u>56,667,972</u>	<u>2,314,294</u>
LIABILITIES		
CURRENT:		
Warrants payable.....	2,749,770	870,946
Health claims payable.....	-	1,077,000
Accrued interest.....	443,394	-
Other liabilities.....	154,987	-
Bonds and notes payable.....	17,047,652	-
	<u>20,395,803</u>	<u>1,947,946</u>
Total current liabilities.....		
	<u>20,395,803</u>	<u>1,947,946</u>
NONCURRENT:		
Bonds and notes payable.....	16,620,907	-
	<u>16,620,907</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>37,016,710</u>	<u>1,947,946</u>
NET ASSETS		
Invested in capital assets, net of related debt.....	19,353,410	-
Unrestricted.....	297,852	366,348
	<u>19,651,262</u>	<u>366,348</u>
TOTAL NET ASSETS.....	<u>\$ 19,651,262</u>	<u>\$ 366,348</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2005

	Sewer Enterprise	Governmental Activities - Internal Service Funds
<u>OPERATING REVENUES:</u>		
Employee contributions	\$ -	\$ 1,763,804
Employer contributions	-	7,656,614
Charges for services	3,886,270	-
Other.....	-	415,572
	<u>3,886,270</u>	<u>9,835,990</u>
<u>OPERATING EXPENSES:</u>		
Cost of services and administration	1,087,771	-
Depreciation.....	732,420	-
Employee benefits	-	9,850,867
	<u>1,820,191</u>	<u>9,850,867</u>
<u>OPERATING INCOME (LOSS):</u>	<u>2,066,079</u>	<u>(14,877)</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>		
Investment income.....	6,979	17,169
Interest expense.....	(155,803)	-
Intergovernmental.....	179,245	-
	<u>30,421</u>	<u>17,169</u>
<u>INCOME (LOSS) BEFORE TRANSFERS:</u>	<u>2,096,500</u>	<u>2,292</u>
<u>TRANSFERS:</u>		
Transfers in.....	360,100	-
<u>CHANGE IN NET ASSETS:</u>	<u>2,456,600</u>	<u>2,292</u>
<u>NET ASSETS AT BEGINNING OF YEAR:</u>	<u>17,194,662</u>	<u>364,056</u>
<u>NET ASSETS AT END OF YEAR:</u>	<u>\$ 19,651,262</u>	<u>\$ 366,348</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2005

	Sewer Enterprise	Governmental Activities - Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from customers and users.....	\$ 3,228,804	\$ 1,763,804
Receipts from interfund services provided.....	-	8,184,333
Payments to vendors.....	(276,860)	(10,124,737)
Payments to employees.....	(317,593)	-
NET CASH FROM OPERATING ACTIVITIES.....	2,634,351	(176,600)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Transfers in.....	360,100	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Proceeds from the issuance of bonds and notes.....	13,500,000	-
Acquisition and construction of capital assets.....	(9,817,690)	-
Principal payments on bonds and notes.....	(898,298)	-
Interest expense.....	(585,341)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	2,198,671	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Investment income.....	6,979	17,169
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	5,200,101	(159,431)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	11,837,390	1,068,650
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 17,037,491	\$ 909,219
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>		
Operating income (loss).....	\$ 2,066,079	\$ (14,877)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation.....	732,420	-
Changes in assets and liabilities:		
Sewer fees.....	(657,466)	-
Departmental and other.....	-	112,147
Working capital deposit.....	-	(115,400)
Warrants payable.....	338,331	9,530
Health claims payable.....	-	(168,000)
Other liabilities.....	154,987	-
Total adjustments.....	568,272	(161,723)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 2,634,351	\$ (176,600)
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>		
Intergovernmental subsidy of interest expense.....	\$ 179,245	

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2005

	Private Purpose Trust Funds	Agency Funds
ASSETS		
CURRENT:		
Cash and cash equivalents.....	\$ 2,978	\$ 886,411
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	-	179,242
TOTAL ASSETS.....	2,978	1,065,653
LIABILITIES		
Warrants payable.....	-	475
Liabilities due depositors.....	-	1,014,898
Other liabilities.....	-	50,280
TOTAL LIABILITIES.....	-	1,065,653
NET ASSETS		
Held in trust.....	\$ 2,978	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2005

	Private Purpose Trust Funds
<u>ADDITIONS:</u>	
Net investment income (loss):	
Interest.....	\$ 43
NET ASSETS AT BEGINNING OF YEAR.....	2,935
NET ASSETS AT END OF YEAR.....	\$ 2,978

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Tewksbury, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant Town accounting policies are described herein.

A. Reporting Entity

The Town is a Massachusetts municipal corporation that is governed by an elected Board of Selectmen and an appointed Town Manager.

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. It has been determined that there are no component units that meet the requirements for inclusion in the Town's basic financial statements.

Joint Venture – The Town is a member of the North East Solid Waste Committee (NESWC), a joint venture with 23 communities, organized to represent its members in all matters related to solid waste disposal at a regional waste-to-energy facility located in North Andover, Massachusetts. In accordance with a depository agreement NESWC was granted control over various funds received from contractual communities. As of July 2005, 100% of the remaining debt service was redeemed and no contingent liabilities related to the debt service exists for the member communities. NESWC's scheduled dissolution date is September 25, 2005, at which time any remaining equity balances will be returned to the respective member community. As of June 30, 2005, the Town's equity interest of \$1,013,000 in the operation of NESWC is recorded in the General Fund. Complete financial statements for NESWC can be obtained by contacting their administrative offices at 67 South Bedford Street, Suite 201E, Burlington, Massachusetts 01803.

B. Government-Wide and Fund Financial Statements***Government-Wide Financial Statements***

The government-wide financial statements (i.e., statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. *Governmental activities* are primarily supported by taxes and intergovernmental revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Internal service funds and fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain

compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after fiscal year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *Wynn school construction capital projects fund* is used to account for financial resources to renovate, expand and upgrade the school facilities.

The nonmajor governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Trust Funds).

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following proprietary fund types are reported:

The *sewer enterprise fund* accounts for the Town's sewer activities.

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to the Town's health insurance.

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a purely custodial capacity.

Government-Wide and Fund Financial Statements

For the government-wide financial statements, and proprietary and fiduciary fund accounting, all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, are applied, unless those pronouncements conflict with or contradict GASB pronouncements.

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

E. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate tax liens are processed during the second and fourth quarter of every fiscal year on delinquent properties and are recorded as receivables in the fiscal year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Sewer

Sewer user fees are levied semi-annually for individual and small commercial meter readings and quarterly for large commercial meter readings. These fees are subject to penalties and interest if they are not paid by the respective due date. Sewer liens are processed in December of every year and included as a lien on the property owner's tax bill. Sewer charges and liens are recorded as receivables in the fiscal year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Water

Water user fees are levied semi-annually for individual and small commercial meter readings and quarterly for large commercial meter readings. These fees are subject to penalties and interest if they are not paid by the respective due date. Water liens are processed in December of every year and included as a lien on the property owner's tax bill. Water charges and liens are recorded as receivables in the fiscal year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Departmental and Other

Departmental and other receivables consist primarily of ambulance and Veteran's receivables which are recorded as receivables in the fiscal year accrued. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

F. Inventories***Government-Wide and Fund Financial Statements***

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

G. Capital Assets*Government-Wide and Proprietary Fund Financial Statements*

Capital assets, which include land, land improvements, buildings, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the governmental activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	5-50
Buildings.....	5-50
Building improvements.....	5-50
Machinery and equipment.....	3-20
Library and school books.....	3-10
Computer software.....	5-10
Infrastructure.....	10-50

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

Governmental Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the fiscal year of the purchase.

H. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net assets.

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as “Due from other funds” or “Due to other funds” on the balance sheet.

I. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as operating transfers in and operating transfers out.

Government-Wide Financial Statements

Operating transfers between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net assets.

Fund Financial Statements

Operating transfers between and within funds are *not* eliminated from the individual fund statements and are reported as operating transfers in and operating transfers out.

J. Deferred Revenue

Deferred revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

K. Net Assets and Fund Equity*Government-Wide Financial Statements (Net Assets)*

Net assets are reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net assets have been “restricted for” the following:

“Permanent funds - expendable” represents amounts held in trust for which the expenditures are restricted by various trust agreements.

“Other specific purposes” represents restrictions placed on assets from outside parties and consists primarily of gifts and grants.

Fund Financial Statements (Fund Balances)

Fund balances are reserved for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designations of fund balance represent tentative management plans that are subject to change.

Fund balances have been “reserved for” the following:

“Encumbrances and continuing appropriations” represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.

“Stabilization” represents the amount accumulated for general and/or capital purposes upon the approval of Town Meeting.

Fund balances have been “designated for” the following:

“Investment in joint venture” represent the Town’s deposits held at NESWC.

“Subsequent year’s expenditures” represents amounts appropriated for the fiscal year 2006 operating budget.

L. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net assets. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

M. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

N. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities.

O. Post Retirement Benefits*Government-Wide and Fund Financial Statements*

In addition to providing pension benefits, health and other insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing this insurance is recognized by recording the employer's 80% share of insurance premiums in the general fund in the fiscal year paid. For the fiscal year ended June 30, 2005, this expense/expenditure totaled approximately \$998,000. There were approximately 328 participants eligible to receive benefits at June 30, 2005.

P. Use of Estimates*Government-Wide and Fund Financial Statements*

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

Q. Fund Deficits

There are several individual fund deficits within the Special Revenue Funds. These deficits will be funded by available funds and federal and state grants.

The Capital Projects Fund has an accumulated deficit of approximately \$11,580,000 at June 30, 2005. This deficit will be funded in future fiscal years by the issuance of general obligation bonds.

The Enterprise Fund has an accumulated deficit of approximately \$18,878,000. This deficit will be funded in future fiscal years by the issuance of general obligation bonds.

R. Total Column*Government-Wide Financial Statements*

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 – CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and cash equivalents". The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At fiscal year-end, the carrying amount of deposits totaled \$32,765,517 and the bank balance totaled \$33,310,975. Of the bank balance, \$982,591 was covered by Federal Depository Insurance, \$681,332 was covered by the Depositors Insurance Fund, and \$31,647,052 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2005, the Town had the following investments:

MMDT..... \$ 1,181,124

NOTE 3 – RECEIVABLES

At June 30, 2005, receivables for the individual major governmental funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 496,115	\$ -	\$ 496,115
Tax liens.....	1,169,875	-	1,169,875
Motor vehicle excise taxes.....	341,229	(101,958)	239,271
User fees.....	765,769	-	765,769
Departmental and other - governmental.....	412,855	(95,000)	317,855
Departmental and other - internal service.....	17,575	-	17,575
Intergovernmental.....	20,976,230	-	20,976,230
Total.....	\$ <u>24,179,648</u>	\$ <u>(196,958)</u>	\$ <u>23,982,690</u>

At June 30, 2005, receivables for the sewer enterprise are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Sewer fees.....	\$ 1,320,151	\$ -	\$ 1,320,151

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivable type:</u>			
Real estate and personal property taxes.....	\$ 170,449	\$ -	\$ 170,449
Tax liens.....	1,169,875	-	1,169,875
Motor vehicle excise taxes.....	239,271	-	239,271
User charges.....	764,276	1,493	765,769
Departmental and other.....	312,663	-	312,663
Intergovernmental.....	20,773,000	-	20,773,000
Total.....	\$ 23,429,534	\$ 1,493	\$ 23,431,027

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the governmental activities for the fiscal year ended June 30, 2005, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,049,881	\$ -	\$ -	\$ 2,049,881
Construction in progress.....	1,955,482	-	(1,006,480)	949,002
Artwork.....	896,500	-	-	896,500
Total capital assets not being depreciated.....	4,901,863	-	(1,006,480)	3,895,383
<u>Capital assets being depreciated:</u>				
Land improvements.....	547,237	-	-	547,237
Buildings.....	64,379,790	-	-	64,379,790
Buildings improvements.....	13,187,972	2,669,840	-	15,857,812
Machinery and equipment.....	3,996,595	500,904	-	4,497,499
Library and school books.....	2,158,902	368,908	-	2,527,810
Computer software.....	122,920	-	-	122,920
Infrastructure.....	-	348,595	-	348,595
Total capital assets being depreciated.....	84,393,416	3,888,247	-	88,281,663
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(252,061)	(11,177)	-	(263,238)
Buildings.....	(16,657,847)	(1,050,909)	-	(17,708,756)
Buildings improvements.....	(7,641,260)	(292,834)	-	(7,934,094)
Machinery and equipment.....	(1,865,709)	(200,227)	-	(2,065,936)
Library and school books.....	(1,267,929)	(259,223)	-	(1,527,152)
Computer software.....	(56,660)	(24,584)	-	(81,244)
Infrastructure.....	-	(32,440)	-	(32,440)
Total accumulated depreciation.....	(27,741,466)	(1,871,394)	-	(29,612,860)
Total capital assets being depreciated, net.....	56,651,950	2,016,853	-	58,668,803
Total governmental activities capital assets, net.....	\$ 61,553,813	\$ 2,016,853	\$ (1,006,480)	\$ 62,564,186

Capital asset activity for the business type activities for the fiscal year ended June 30, 2005, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer Activities:				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 3,743,212	\$ 11,817,418	\$ (2,470,869)	\$ 13,089,761
<u>Capital assets being depreciated:</u>				
Infrastructure.....	35,384,658	2,470,869	-	37,855,527
<u>Less accumulated depreciation for:</u>				
Infrastructure.....	(11,902,538)	(732,420)	-	(12,634,958)
Total capital assets being depreciated, net.....	23,482,120	1,738,449	-	25,220,569
Total business-type activities capital assets, net.....	\$ 27,225,332	\$ 13,555,867	\$ (2,470,869)	\$ 38,310,330

Approximately \$776,000 of interest related to the master sewer project was capitalized and included in construction in progress at June 30, 2005.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General government.....	\$ 33,328
Public safety.....	129,212
Education.....	1,180,990
Public works.....	462,710
Health and human services.....	3,175
Culture and recreation.....	61,979

Total depreciation expense - governmental activities..... \$ 1,871,394

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2005, are summarized as follows:

Operating Transfers Out:	Operating Transfers In:				
	General Fund	Wynn School Construction	Nonmajor Governmental Funds	Sewer Enterprise Fund	Total
General Fund.....	\$ -	\$ -	\$ 6,650	\$ 360,100	\$ 366,750 (1)
Nonmajor Governmental Funds.....	53,733	7,387	-	-	61,120 (2)
Total.....	\$ 53,733	\$ 7,387	\$ 6,650	\$ 360,100	\$ 427,870

- (1) Represents budgeted transfers from the general fund to the sewer enterprise fund and the special revenue nonmajor funds.
- (2) Represents transfers for the Wynn Middle School and miscellaneous other projects.

NOTE 6 – CAPITAL LEASES

The Town has entered into several lease agreements to finance the acquisition of machinery and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The Town has reported in governmental activities \$2,276,635 for machinery and equipment assets acquired through capital lease agreements.

The future minimum lease obligations and the net present value of these minimum lease payments at June 30, 2005, are as follows:

<u>Fiscal Years Ending June 30</u>	<u>Governmental Activities</u>
2006.....	\$ 408,732
2007.....	352,370
2008.....	204,771
2009.....	197,777
2010.....	<u>102,811</u>
Total minimum lease payments.....	1,266,461
Less: amounts representing interest.....	<u>(87,839)</u>
Present value of minimum lease payments.....	<u>\$ 1,178,622</u>

NOTE 7 – SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund, Wynn School Construction, WTP Residuals, and Nonmajor funds, respectively.

Details related to the short-term debt activity for the fiscal year ended June 30, 2005, is as follows:

Governmental Funds				Balance at			Balance at
Type	Purpose	Rate (%)	Due Date	June 30, 2004	Renewed/ Issued	Retired/ Redeemed	June 30, 2005
BAN	School Buildings.....	2.00	2/18/05	\$ 12,180,000	\$ -	\$ (12,180,000)	\$ -
BAN	Water.....	2.00	2/18/05	1,947,000	-	(1,947,000)	-
BAN	School Buildings.....	3.30	2/17/06	-	12,180,000	-	12,180,000
BAN	Senior Center.....	3.30	2/17/06	-	2,500,000	-	2,500,000
BAN	Water.....	3.30	2/17/06	-	1,870,000	-	1,870,000
Total.....				<u>\$ 14,127,000</u>	<u>\$ 16,550,000</u>	<u>\$ (14,127,000)</u>	<u>\$ 16,550,000</u>
Enterprise Funds				Balance at			Balance at
Type	Purpose	Rate (%)	Due Date	June 30, 2004	Renewed/ Issued	Retired/ Redeemed	June 30, 2005
BAN	Sewer.....	2.00	2/18/05	\$ 10,200,000	\$ -	\$ (10,200,000)	\$ -
BAN	Sewer.....	3.30	2/17/06	-	15,700,000	-	15,700,000
Total.....				<u>\$ 10,200,000</u>	<u>\$ 15,700,000</u>	<u>\$ (10,200,000)</u>	<u>\$ 15,700,000</u>

NOTE 8 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

During fiscal year 1999, certain general obligation bonds were defeased by placing the proceeds of bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2005, approximately \$1,515,000 of bonds outstanding from the advance refunding is considered defeased.

Details related to the outstanding indebtedness at June 30, 2005, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2004	Issued	Redeemed	Outstanding at June 30, 2005
Water.....	3.25-8.70	\$ 7,954,731	\$ 2,818,000	\$ 1,033,645	\$ 9,739,086
Schools.....	3.25-9.60	17,958,826	-	1,423,025	16,535,801
Fire.....	4.05-6.75	1,206,650	-	84,750	1,121,900
Library.....	4.10-6.00	2,059,200	-	156,800	1,902,400
Police.....	4.00-5.00	2,490,000	-	250,000	2,240,000
Town Hall/Annex.....	4.05-6.75	407,450	90,000	33,180	464,270
Public Works.....	4.20-5.00	121,550	-	8,690	112,860
Roofs.....	5.00-6.75	185,800	-	11,650	174,150
Recreation.....	4.05	70,000	-	10,000	60,000
Senior Center.....	3.00-4.25	90,000	315,000	30,000	375,000
Sidewalks.....	3.00-4.25	-	230,000	-	230,000
Total governmental bonds and notes payable.....		\$ 32,544,207	\$ 3,453,000	\$ 3,041,740	\$ 32,955,467

Debt service requirements for principal and interest for Governmental bonds payable in future fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2006.....	\$ 3,282,811	\$ 1,510,228	\$ 4,793,039
2007.....	2,900,730	1,362,294	4,263,024
2008.....	2,784,990	1,244,314	4,029,304
2009.....	2,605,407	1,128,960	3,734,367
2010.....	2,489,974	1,019,127	3,509,101
2011.....	2,417,515	910,449	3,327,964
2012.....	2,212,640	799,623	3,012,263
2013.....	2,144,640	699,659	2,844,299
2014.....	1,984,640	599,301	2,583,941
2015.....	1,724,640	509,343	2,233,983
2016.....	1,699,640	423,152	2,122,792
2017.....	1,674,640	337,238	2,011,878
2018.....	1,563,949	251,939	1,815,888
2019.....	1,207,550	171,805	1,379,355
2020.....	929,701	109,451	1,039,152
2021.....	459,500	60,942	520,442
2022.....	454,500	39,503	494,003
2023.....	176,500	17,986	194,486
2024.....	176,500	10,399	186,899
2025.....	65,000	2,763	67,763
Total	\$ 32,955,467	\$ 11,208,476	\$ 44,163,943

Bonds and Notes Payable Schedule – Sewer Enterprise Fund

Project	Interest Rate (%)	Outstanding at June 30, 2004	Issued	Redeemed	Outstanding at June 30, 2005
Sewer.....	3.25-8.70	\$ 7,684,793	\$ 8,000,000	\$ 737,260	\$ 14,947,533
MWPAT-Sewer.....	4.00-9.60	3,228,412	-	207,386	3,021,026
Total sewer enterprise bonds and notes payable.....		\$ 10,913,205	\$ 8,000,000	\$ 944,646	\$ 17,968,559

Debt service requirements for principal and interest for the sewer enterprise fund bonds and notes payable in future fiscal years are as follows:

Fiscal Year	Principal	Interest	Total
2006.....	\$ 1,347,652	\$ 767,117	\$ 2,114,769
2007.....	1,069,058	707,715	1,776,773
2008.....	1,077,376	666,190	1,743,566
2009.....	1,073,092	624,620	1,697,712
2010.....	1,079,941	582,676	1,662,617
2011.....	1,084,232	537,924	1,622,156
2012.....	1,061,133	486,588	1,547,721
2013.....	1,061,614	441,671	1,503,285
2014.....	1,069,315	395,461	1,464,776
2015.....	1,077,512	348,496	1,426,008
2016.....	1,086,028	298,943	1,384,971
2017.....	1,094,806	248,642	1,343,448
2018.....	666,051	199,570	865,621
2019.....	657,450	172,119	829,569
2020.....	635,299	145,073	780,372
2021.....	615,500	118,837	734,337
2022.....	615,500	93,551	709,051
2023.....	598,500	67,768	666,268
2024.....	598,500	42,534	641,034
2025.....	400,000	17,000	417,000
Total	\$ 17,968,559	\$ 6,962,495	\$ 24,931,054

The Town is scheduled to be subsidized by the Massachusetts Water Pollution Abatement Trust (MWPAT) on a periodic basis for principal in the amount of \$810,254 and interest costs for \$841,194. Thus, net MWPAT loan repayments, including interest, are scheduled to be \$2,499,193. The interest subsidies are guaranteed. The principal subsidies are supported through future investment income and are expected to be made, although not guaranteed. Since the Town is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The fiscal year 2005 principal and interest subsidies totaled \$46,346 and \$132,897, respectively.

The Commonwealth of Massachusetts has approved construction assistance to the Town. The Commonwealth enacted legislation in FY2004 that created the Massachusetts School Building Authority that is administering the program. Under the new legislation the Commonwealth will provide cash grants for their share of approved projects that are to be used to pay down the Town's temporary borrowing. The Town has been approved for a

70% reimbursement rate in relation to the renovation of the John Wynn Middle School, the new construction of the John F. Ryan Elementary School, and the cost of interest on qualifying borrowings to fund the projects. The Town is currently receiving annual payments for the Ryan School and will receive a lump-sum payment for the Wynn School from the State within the next one to two years. Through June 30, 2005, approximately \$24,157,000, plus interest, has been spent on these two projects. Accordingly, an intergovernmental receivable and corresponding deferred revenue have been reported in these basic financial statements for approximately \$20,773,000 which represents the Commonwealth's share of construction and interest costs for the two projects.

The Town is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2005, the Town had the following authorized and unissued debt:

Purpose	Amount
Sewer line.....	\$ 68,878,000
Water	9,393,085
School Purposes.....	12,180,000
Senior Center.....	4,150,000
Other.....	211,000
Total.....	<u>\$ 94,812,085</u>

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2005, the following changes occurred in long-term liabilities:

	Balance June 30, 2004	Additions	Reductions	Balance June 30, 2005	Current Portion
GOVERNMENTAL ACTIVITIES:					
Long-Term Bonds and Notes.....	\$ 32,544,207	\$ 3,453,000	\$ (3,041,740)	\$ 32,955,467	\$ 3,282,811
Capital Leases.....	1,027,918	505,000	(354,296)	1,178,622	354,297
Compensated Absences.....	2,199,000	468,000	(216,000)	2,451,000	2,451,000
Total.....	<u>\$ 35,771,125</u>	<u>\$ 4,426,000</u>	<u>\$ (3,612,036)</u>	<u>\$ 36,585,089</u>	<u>\$ 6,088,108</u>
BUSINESS-TYPE ACTIVITIES:					
Long-Term Bonds and Notes.....	\$ 10,913,205	\$ 8,000,000	\$ (944,646)	\$ 17,968,559	\$ 1,347,652

Compensated absence liability related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenses.

NOTE 9 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. In addition, the Town is self-insured for damages not covered by commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

The Town is self-insured for its health insurance and workers' compensation activities. The health insurance activities are accounted for in the internal service fund where revenues are recorded when earned and expenses

are recorded when the liability is incurred. Workers' compensation activities are recorded in the General Fund where expenditures are recognized when the claims are expected to be paid with current expendable available resources. Incurred But Not Reported claims for workers' compensation is immaterial and therefore not reported.

Health Insurance

The estimate of Incurred But Not Reported (IBNR) claims is based on a one and one half-month claims paid average. The Town purchases individual stop loss insurance for claims in excess of the coverage provided by the Town in the amount of \$90,000 per claim.

This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2003, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End
Fiscal Year 2004.....	\$ 1,197,000	\$ (9,748,793)	\$ 9,796,793	\$ 1,245,000
Fiscal Year 2005.....	\$ 1,245,000	\$ (10,018,867)	\$ 9,850,867	\$ 1,077,000

NOTE 10 – PENSION PLAN

Plan Description - The Town contributes to the Middlesex Contributory Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan administered by the Middlesex Retirement Board (the Board). Substantially all employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the Town does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$5,035,000 for the fiscal year ended June 30, 2005, and, accordingly, are reported in the general fund as intergovernmental revenues and pension benefit expenditures.

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's Public Employee Retirement Administration Commission. That report may be obtained by contacting the System located at 25 Linnell Circle, Billerica, MA 01821.

Funding Policy - Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. The contributions of plan members and the Town are governed by Chapter 32 of the MGL. The Town's contributions to the System for the fiscal years ended June 30, 2005, 2004, and 2003 were \$3,052,839, \$2,566,931, and \$1,970,496, respectively, which equaled its required contribution for each fiscal year.

NOTE 11 – COMMITMENTS

Under the terms of an agreement with the State Department of Environmental Management and Massachusetts Refusetech Inc. (MRI), the Town is unconditionally obligated to make certain payments for its portion of the costs of using a resource recovery plant based on its projected minimum tonnage of solid waste to be disposed of at the plant. The cost to the Town under the agreement was approximately \$1,298,000 in fiscal year 2005. The facility was financed by the issuance of bonds in the amount of approximately \$197,000,000. In the event of a facility failure, under circumstances in which the MRI is not required or is unable to pay damages, the Town's indirect share of the bonds, based on the aggregate projected minimum disposal tonnage of all participating communities, would be approximately 5.30% of the total. While management believes that any resulting liability will not materially affect the financial position of the Town at June 30, 2005, a reserve of \$1,013,047 has been established to offset any future costs. NESWC is holding all of the reserve which is reported in the General Fund as "Designated for investment in joint venture".

Additionally, the Town continued its Master Sewer Project whose purpose is to provide sewer services to the remaining 60% of the Town. The total cost of the project is expected to be funded through the issuance of approximately \$80,600,000 in debt that will be self-supported through user fees. As of June 30, 2005 the Town has expended approximately \$19,970,000 for this project.

NOTE 12 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2005, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

The Town has been named a potentially responsible party in an environmental case associated with a landfill. Additionally, the Town has other various legal actions and claims pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2005, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2005.

NOTE 13 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2005, the following GASB pronouncements were implemented:

The GASB issued Statement # 40, Deposit and Investment Risk Disclosures, an Amendment of GASB Statement #3. This pronouncement only required changes to the note disclosure.

The GASB issued Statement # 44, Economic Condition Reporting: The Statistical Section, which is required to be implemented in Fiscal 2006. This new GASB establishes and modifies requirements related to supplementary information presented in a statistical section.

Other Future GASB Pronouncements:

The GASB issued Statement # 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries, which is required to be implemented in Fiscal 2006. Management does not believe that this pronouncement will significantly impact the basic financial statements.

The GASB issued Statement # 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in Fiscal 2007. Since there is no legally established separate trust for the postemployment benefit plan this pronouncement will not impact the basic financial statements.

The GASB issued Statement # 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which is required to be implemented in Fiscal 2008. Management believes this pronouncement will require additional disclosure and impact the basic financial statements.

The GASB issued Statement # 46, *Net Assets Restricted by Legislation an amendment of GASB Statement No. 34*. This Statement clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government—such as citizens, public interest groups, or the judiciary—can compel a government to honor. It requires governments to disclose the portion of total net assets that is restricted by enabling legislation. This statement is required to be implemented in FY2006. Management believes that this statement will not effect the basic financial statements.

The GASB issued Statement # 47, *Accounting for Termination Benefits*. The Statement provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees that are involuntarily terminated. The Statement requires that similar forms of termination benefits be accounted for in the same manner and is intended to enhance both the consistency of reporting for termination benefits and the comparability of financial statements. This statement is required to be implemented in FY2006. Management believes that this statement will not effect the basic financial statements.

Required Supplementary Information

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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 43,232,026	\$ 43,232,026	\$ 43,232,812
Motor vehicle and other excise taxes.....	-	3,700,000	3,700,000	3,700,000
Hotel/motel tax.....	-	350,000	350,000	350,000
Charges for services.....	-	560,000	560,000	560,000
Water charges and sewer charges.....	-	3,225,000	3,225,000	3,225,000
Penalties and interest on taxes.....	-	215,000	215,000	215,000
Fees.....	-	192,000	192,000	192,000
Rentals.....	-	380,000	380,000	380,000
Payments in lieu of taxes.....	-	30,000	30,000	30,000
Licenses and permits.....	-	444,649	444,649	444,649
Fines and forfeitures.....	-	135,000	135,000	135,000
Intergovernmental.....	-	15,831,740	15,831,740	16,075,301
Departmental and other.....	-	89,000	89,000	89,000
Investment income.....	-	150,000	150,000	150,000
TOTAL REVENUES.....	-	68,534,415	68,534,415	68,778,762
EXPENDITURES:				
Current:				
General Government				
Moderator				
Salaries.....	-	500	500	500
Operating.....	-	100	100	100
Total.....	-	600	600	600
Selectmen				
Salaries.....	-	28,072	28,072	21,822
Operating.....	1,929	134,582	136,511	142,830
Total.....	1,929	162,654	164,583	164,652
Town Manager				
Salaries.....	60,419	299,026	359,445	301,612
Operating.....	2,585	4,075	6,660	6,660
Total.....	63,004	303,101	366,105	308,272
Finance Committee				
Salaries.....	-	2,500	2,500	2,500
Operating.....	-	1,185	1,185	1,185
Total.....	-	3,685	3,685	3,685
Reserve Fund.....				
	-	100,000	100,000	10,494
Accounting				
Salaries.....	-	165,000	165,000	167,001
Operating.....	-	8,471	8,471	8,471
Total.....	-	173,471	173,471	175,472
Computer Services				
Salaries.....	-	131,560	131,560	134,209
Operating.....	-	107,745	107,745	108,097
Capital.....	-	34,500	34,500	33,094
Total.....	-	273,805	273,805	275,400
Assessor				
Salaries.....	-	204,071	204,071	205,882
Operating.....	600	26,102	26,702	25,757
Total.....	600	230,173	230,773	231,639

Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
\$ 43,178,706	\$ -	\$ (54,106)
3,899,761	-	199,761
1,214,864	-	864,864
651,618	-	91,618
3,167,975	-	(57,025)
239,322	-	24,322
193,306	-	1,306
396,517	-	16,517
20,328	-	(9,672)
614,085	-	169,436
138,544	-	3,544
17,222,522	-	1,147,221
122,069	-	33,069
193,286	-	43,286
71,252,903	-	2,474,141
497	-	3
-	-	100
497	-	103
21,754	-	68
142,227	119	484
163,981	119	552
301,612	-	-
3,331	2,585	744
304,943	2,585	744
2,234	-	266
582	-	603
2,816	-	869
-	-	10,494
166,991	-	10
7,773	-	698
174,764	-	708
134,208	-	1
101,388	3,600	3,109
24,646	7,295	1,153
260,242	10,895	4,263
205,882	-	-
20,566	-	5,191
226,448	-	5,191

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
Treasurer/Collector				
Salaries.....	-	294,392	294,392	296,688
Operating.....	720	164,226	164,946	167,967
Total.....	720	458,618	459,338	464,655
Town Council				
Operating.....	-	160,875	160,875	157,019
Personnel Relations Review Board				
Operating.....	-	200	200	200
Administration Services				
Salaries.....	-	87,054	87,054	87,061
Operating.....	-	19,700	19,700	19,700
Total.....	-	106,754	106,754	106,761
Town Clerk				
Salaries.....	-	208,450	208,450	210,285
Operating.....	-	12,702	12,702	12,567
Total.....	-	221,152	221,152	222,852
Election				
Salaries.....	-	36,445	36,445	47,121
Operating.....	-	7,700	7,700	9,440
Total.....	-	44,145	44,145	56,561
Registrar				
Salaries.....	-	2,850	2,850	2,850
Operating.....	-	1,600	1,600	1,600
Total.....	-	4,450	4,450	4,450
Planning Board				
Salaries.....	-	240,635	240,635	220,643
Operating.....	-	25,333	25,333	25,333
Total.....	-	265,968	265,968	245,976
Cable Television				
Salaries.....	-	2,500	2,500	2,385
Operating.....	-	10,460	10,460	1,965
Total.....	-	12,960	12,960	4,350
Town Hall				
Salaries.....	-	15,665	15,665	13,137
Operating.....	-	48,699	48,699	47,343
Total.....	-	64,364	64,364	60,480
Auxiliary Building				
Operating.....	-	29,250	29,250	34,375
Total General Government.....	66,253	2,616,225	2,682,478	2,527,893
Public Safety				
Police				
Salaries.....	5,675	4,558,414	4,564,089	4,647,081
Operating.....	16,006	313,483	329,489	325,479
Capital.....	3,099	120,000	123,099	127,174
Total.....	24,780	4,991,897	5,016,677	5,099,734
Auxiliary Police				
Operating.....	-	1,800	1,800	1,800

Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
296,688	-	-
167,246	-	721
463,934	-	721
157,018	-	1
-	-	200
87,060	-	1
19,137	-	563
106,197	-	564
210,200	-	85
11,516	-	1,051
221,716	-	1,136
47,121	-	-
9,440	-	-
56,561	-	-
2,850	-	-
1,531	-	69
4,381	-	69
220,634	-	9
14,384	9,280	1,669
235,018	9,280	1,678
1,891	-	494
1,965	-	-
3,856	-	494
12,910	-	227
45,551	-	1,792
58,461	-	2,019
34,031	-	344
2,474,864	22,879	30,150
4,643,553	600	2,928
324,412	174	893
124,555	-	2,619
5,092,520	774	6,440
1,800	-	-

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
Fire				
Salaries.....	-	3,732,046	3,732,046	3,734,267
Operating.....	-	214,760	214,760	234,129
Capital.....	-	194,126	194,126	194,509
Total.....	-	4,140,932	4,140,932	4,162,905
Building Department				
Salaries.....	-	227,442	227,442	222,003
Operating.....	-	7,831	7,831	7,831
Total.....	-	235,273	235,273	229,834
Emergency Management				
Salaries.....	-	4,464	4,464	4,464
Operating.....	-	17,992	17,992	17,992
Total.....	-	22,456	22,456	22,456
Parking Clerk				
Salaries.....	-	3,000	3,000	3,000
Operating.....	-	2,700	2,700	2,700
Total.....	-	5,700	5,700	5,700
Total Public Safety.....	24,780	9,398,058	9,422,838	9,522,429
Education				
School				
Salaries.....	1,176,844	21,401,756	22,578,600	23,449,259
Operating.....	171,637	7,337,691	7,509,328	6,869,294
Capital.....	-	-	-	21,146
Total.....	1,348,481	28,739,447	30,087,928	30,339,699
Regional Vocational School.....	-	3,645,514	3,645,514	3,645,514
Total Education.....	1,348,481	32,384,961	33,733,442	33,985,213
Public Works				
Public Works Administration				
Salaries.....	-	1,938,603	1,938,603	1,970,903
Operating.....	3,119	206,237	209,356	248,053
Capital.....	-	207,492	207,492	204,167
Total.....	3,119	2,352,332	2,355,451	2,423,123
Highway				
Operating.....	-	99,750	99,750	99,750
Water and Sewer				
Operating.....	-	87,600	87,600	102,318
Forestry				
Operating.....	-	28,500	28,500	31,892
Machinery				
Operating.....	-	106,250	106,250	106,250
Water Treatment				
Operating.....	9,904	668,038	677,942	622,431
Electrician				
Operating.....	-	4,500	4,500	4,500

Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
3,734,267	-	-
234,129	-	-
194,509	-	-
4,162,905	-	-
222,000	-	3
5,983	-	1,848
227,983	-	1,851
4,422	-	42
17,796	-	196
22,218	-	238
3,000	-	-
847	-	1,853
3,847	-	1,853
9,511,273	774	10,382
23,380,646	34,276	34,337
6,607,966	248,385	12,943
21,146	-	-
30,009,758	282,661	47,280
3,645,514	-	-
33,655,272	282,661	47,280
1,967,539	-	3,364
245,397	116	2,540
204,167	-	-
2,417,103	116	5,904
97,651	-	2,099
97,883	-	4,435
30,055	-	1,837
99,531	-	6,719
607,881	-	14,550
3,695	-	805

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
Snow and Ice				
Salaries.....	-	76,009	76,009	76,009
Operating.....	-	402,102	402,102	402,102
Total.....	-	478,111	478,111	478,111
Street Lighting				
Operating.....	-	138,529	138,529	138,529
Cemetery				
Operating.....	-	3,000	3,000	3,000
Total Public Works.....	13,023	3,966,610	3,979,633	4,009,904
Health and Sanitation				
Rubbish				
Operating.....	36,850	2,477,556	2,514,406	2,508,258
Health				
Salaries.....	-	248,741	248,741	248,614
Operating.....	2,000	46,216	48,216	37,437
Total.....	2,000	294,957	296,957	286,051
Total Health and Sanitation.....	38,850	2,772,513	2,811,363	2,794,309
Human Services				
Council on Aging				
Salaries.....	-	151,570	151,570	152,419
Operating.....	-	61,564	61,564	61,563
Total.....	-	213,134	213,134	213,982
Veterans				
Salaries.....	-	32,377	32,377	33,315
Operating.....	-	108,550	108,550	100,482
Total.....	-	140,927	140,927	133,797
Total Human Services.....	-	354,061	354,061	347,779
Culture and Recreation				
Exceptional Children				
Salaries.....	-	23,570	23,570	19,020
Operating.....	-	16,956	16,956	15,692
Total.....	-	40,526	40,526	34,712
Patriotic Activities				
Operating.....	-	32,750	32,750	32,750
Library				
Salaries.....	-	710,450	710,450	710,419
Operating.....	-	321,950	321,950	326,849
Total.....	-	1,032,400	1,032,400	1,037,268
Parks and Recreation				
Salaries.....	-	239,062	239,062	243,406
Operating.....	1,133	86,460	87,593	98,936
Capital.....	-	-	-	14,000
Total.....	1,133	325,522	326,655	356,342
Total Culture and Recreation.....	1,133	1,431,198	1,432,331	1,461,072

Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
175,346	-	(99,337)
709,499	-	(307,397)
884,845	-	(406,734)
136,948	-	1,581
3,000	-	-
4,378,592	116	(368,804)
2,500,124	890	7,244
248,408	-	206
33,407	-	4,030
281,815	-	4,236
2,781,939	890	11,480
152,418	-	1
61,468	-	95
213,886	-	96
33,312	-	3
100,434	-	48
133,746	-	51
347,632	-	147
19,020	-	-
15,692	-	-
34,712	-	-
32,496	-	254
704,847	-	5,572
324,191	-	2,658
1,029,038	-	8,230
243,004	-	402
91,621	7,032	283
14,000	-	-
348,625	7,032	685
1,444,871	7,032	9,169

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FISCAL YEAR ENDED JUNE 30, 2005

	Budgeted Amounts			
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget
Court Judgments.....	-	6,000	6,000	6,000
Pension benefits.....	-	2,961,251	2,961,251	2,961,251
Employee benefits				
Occupational Injury Reserve.....	-	56,129	56,129	56,129
Unemployment Compensation.....	2,596	16,130	18,726	38,726
Group Health Insurance.....	-	7,364,534	7,364,534	7,364,534
Medicare.....	-	349,200	349,200	392,329
Liability Insurance.....	-	545,528	545,528	502,934
Total.....	2,596	8,331,521	8,334,117	8,354,652
State and county charges.....	-	431,608	431,608	431,608
Debt service:				
Principal.....	-	3,041,741	3,041,741	3,041,741
Interest:				
Maturing Debt.....	-	1,529,087	1,529,087	1,529,087
Temporary Loans.....	-	300,000	300,000	284,708
Total.....	-	1,829,087	1,829,087	1,813,795
TOTAL EXPENDITURES.....	1,495,116	69,524,834	71,019,950	71,257,646
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,495,116)	(990,419)	(2,485,535)	(2,478,884)
OTHER FINANCING SOURCES (USES):				
Premium from issuance of bonds.....	-	-	-	-
Transfers in.....	-	-	-	-
Transfers out.....	-	(360,100)	(360,100)	(366,750)
TOTAL OTHER FINANCING SOURCES (USES).....	-	(360,100)	(360,100)	(366,750)
NET CHANGE IN FUND BALANCE.....	(1,495,116)	(360,100)	(360,100)	(2,845,634)
BUDGETARY FUND BALANCE, Beginning of year.....	4,551,391	4,551,391	4,551,391	4,551,391
BUDGETARY FUND BALANCE, End of year.....	\$ 3,056,275	\$ 4,191,291	\$ 4,191,291	\$ 1,705,757

See notes to required supplementary information.

Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
-	-	6,000
2,961,251	-	-
56,129	-	-
31,312	-	7,414
7,364,534	-	-
392,329	-	-
502,934	-	-
8,347,238	-	7,414
416,159	-	15,449
3,041,740	-	1
1,529,086	-	1
284,708	-	-
1,813,794	-	1
71,174,625	314,352	(231,331)
78,278	(314,352)	2,242,810
175,257	-	175,257
53,733	-	53,733
(366,750)	-	-
(137,760)	-	228,990
(59,482)	(314,352)	2,471,800
4,551,391	-	-
\$ 4,491,909	\$ (314,352)	\$ 2,471,800

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**1. Budgetary Information**

Municipal Law requires the adoption of a balanced budget that is approved by the Finance Committee (Committee). The Committee presents an annual budget to the open Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers less than \$1,500 within budget classifications require department and/or Town Manager approval while changes greater than \$1,500 require the additional approval of the Finance Committee. Increases or decreases between budget classifications subsequent to the approval of the annual budget requires majority vote at a Special Town Meeting.

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year. These carry forwards are included as part of the subsequent fiscal year's original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by majority vote at a Special Town Meeting.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2005 approved budget, including amounts carried forward from the prior fiscal years authorized approximately \$71,380,000 in appropriations and other amounts to be raised. During fiscal year 2005, Town Meeting also approved supplemental appropriations totaling approximately \$244,300.

The Town Auditor's Office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

2. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2005, is as follows:

Excess of revenues and other financing sources (uses) over expenditures - budgetary basis.....	\$ (59,482)
<u>Basis of accounting differences:</u>	
Net change in revenues in recording 60 day receipts.....	(62,308)
Net change in revenues in recording tax refunds payable.....	245,000
Increase in revenues due to on-behalf payments.....	5,035,477
Net difference in recognition of expenditures.....	25,806
Net change in expenditures due to accrued interest on short term debt.....	1,138,305
Net change in recording the investment in joint venture.....	(731,047)
Increase in expenditures due to on-behalf payments.....	<u>(5,035,477)</u>
Excess of revenues and other financing sources (uses) over expenditures - GAAP basis.....	\$ <u>556,274</u>

3. Appropriation Deficits

During fiscal year 2005, actual expenditures and encumbrances exceeded appropriations for Public Works Snow and Ice. These over expenditures will be funded by available funds during fiscal year 2006.

Combining Statements

Combining and Individual Fund Statements and Schedules

The combining financial statements provide a more detailed view of the “Basic Financial Statements” presented in the preceding subsection.

Combining statements are presented when there are more than one fund of a given fund type.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Town Grant Funds – accounts for non-school related grant funds received from state and federal governments which are designated for specific purposes.

Town Revolving Funds – accounts for non-school related activity of revolving funds established in accordance with MGL Chapter 44, Section 53E ½.

Town Gift Funds – accounts for gifts received from various sources to be used for the benefit of the Town.

Town Receipts Reserved – accounts for sale of real estate.

Town Other Funds – accounts for the Town's miscellaneous funds.

Town Special Article Funds – accounts for funds related to the Town's tri-annual revaluation.

School Grant Funds – accounts for educational programs specifically financed by grants and other restricted revenues.

School Revolving Funds – accounts for school department's revolving funds established in accordance with MGL Chapter 40, Section 53E ½ and Chapter 71.

School Gift Funds – accounts for gift received from various sources to be used for the benefit of the Schools.

School Receipts Reserved – accounts for telecommunication funds.

School Other Funds – accounts for the School's miscellaneous funds.

Restricted Funds – accounts for contributions where both principal and investment earnings may be spent to support the government.

Street Projects – accounts for the Town's street projects.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Water Funds – accounts for the Town's water projects.

Senior Center Expansion Fund – accounts for the expansion of the senior center.

Other Capital Project Funds – accounts for the Town's miscellaneous capital projects.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

Foster Trust Fund – accounts for the beautification of the Foster School grounds.

Cemetery Perpetual Care Trust Fund –accounts for funds received to maintain the cemetery.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2005

	Special Revenue Funds				
	Town Grants	Town Revolving	Town Gifts	Town Receipts Reserved	Town Other
ASSETS					
Cash and cash equivalents.....	\$ 61,157	\$ 31,953	\$ 210,571	\$ 23,820	\$ 237,019
Receivables, net of uncollectibles:					
User fees.....	-	-	-	-	1,493
Intergovernmental.....	-	-	-	-	-
Due from other funds.....	-	238,156	-	-	-
TOTAL ASSETS.....	\$ 61,157	\$ 270,109	\$ 210,571	\$ 23,820	\$ 238,512
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 3,677	\$ 33,747	\$ 1,413	\$ -	\$ 10,327
Accrued payroll.....	204	7,875	-	-	-
Other liabilities.....	-	-	-	-	-
Deferred revenues.....	-	-	-	-	1,493
Due to other funds.....	-	-	-	-	-
Notes payable.....	-	-	-	-	-
TOTAL LIABILITIES.....	3,881	41,622	1,413	-	11,820
FUND BALANCES:					
Unreserved:					
Undesignated, reported in:					
Special revenue funds.....	57,276	228,487	209,158	23,820	226,692
Capital projects funds.....	-	-	-	-	-
Permanent funds.....	-	-	-	-	-
TOTAL FUND BALANCES.....	57,276	228,487	209,158	23,820	226,692
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 61,157	\$ 270,109	\$ 210,571	\$ 23,820	\$ 238,512

Town Special Articles	School Grants	School Revolving	School Gifts	School Receipts Reserved	School Other	Restricted Funds
\$ 4,106	\$ 185,975	\$ 831,545	\$ 20,307	\$ 35,129	\$ 34	\$ 643,028
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 4,106	\$ 185,975	\$ 831,545	\$ 20,307	\$ 35,129	\$ 34	\$ 643,028
\$ -	\$ 30,388	\$ 91,258	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	30,388	91,258	-	-	-	-
4,106	155,587	740,287	20,307	35,129	34	643,028
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,106	155,587	740,287	20,307	35,129	34	643,028
\$ 4,106	\$ 185,975	\$ 831,545	\$ 20,307	\$ 35,129	\$ 34	\$ 643,028

(Continued)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2005

			Capital Project Funds		
	Street Projects	Subtotal	Water	Senior Center Expansion	Other Projects
ASSETS					
Cash and cash equivalents.....	\$ -	\$ 2,284,644	\$ 2,418,657	\$ 2,558,899	\$ 246,849
Receivables, net of uncollectibles:					
User fees.....	-	1,493	-	-	-
Intergovernmental.....	203,230	203,230	-	-	-
Due from other funds.....	-	238,156	-	-	-
TOTAL ASSETS.....	\$ 203,230	\$ 2,727,523	\$ 2,418,657	\$ 2,558,899	\$ 246,849
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 189,730	\$ 360,540	\$ 201,626	\$ 254	\$ 25,356
Accrued payroll.....	-	8,079	-	-	-
Other liabilities.....	-	-	28,136	-	-
Deferred revenues.....	-	1,493	-	-	-
Due to other funds.....	238,156	238,156	-	-	-
Notes payable.....	-	-	1,870,000	2,500,000	-
TOTAL LIABILITIES.....	427,886	608,268	2,099,762	2,500,254	25,356
FUND BALANCES:					
Unreserved:					
Undesignated, reported in:					
Special revenue funds.....	(224,656)	2,119,255	-	-	-
Capital projects funds.....	-	-	318,895	58,645	221,493
Permanent funds.....	-	-	-	-	-
TOTAL FUND BALANCES.....	(224,656)	2,119,255	318,895	58,645	221,493
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 203,230	\$ 2,727,523	\$ 2,418,657	\$ 2,558,899	\$ 246,849

Permanent Funds					
Subtotal	Foster Trust Fund	Cemetery Perpetual Care Trust Fund	Subtotal	Total Nonmajor Governmental Funds	
\$ 5,224,405	\$ 20,999	\$ 19,534	\$ 40,533	\$	7,549,582
-	-	-	-		1,493
-	-	-	-		203,230
-	-	-	-		238,156
<u>\$ 5,224,405</u>	<u>\$ 20,999</u>	<u>\$ 19,534</u>	<u>\$ 40,533</u>	<u>\$</u>	<u>7,992,461</u>
\$ 227,236	\$ -	\$ -	\$ -	\$	587,776
-	-	-	-		8,079
28,136	-	-	-		28,136
-	-	-	-		1,493
-	-	-	-		238,156
<u>4,370,000</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>4,370,000</u>
<u>4,625,372</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>5,233,640</u>
-	-	-	-		2,119,255
599,033	-	-	-		599,033
-	20,999	19,534	40,533		40,533
<u>599,033</u>	<u>20,999</u>	<u>19,534</u>	<u>40,533</u>		<u>2,758,821</u>
<u>\$ 5,224,405</u>	<u>\$ 20,999</u>	<u>\$ 19,534</u>	<u>\$ 40,533</u>	<u>\$</u>	<u>7,992,461</u>

(Concluded)

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2005

	Special Revenue Funds				
	Town Grants	Town Revolving	Town Gifts	Town Receipts Reserved	Town Other
REVENUES:					
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -
Fees.....	-	244,213	-	-	83,577
Rentals.....	-	-	-	-	-
Intergovernmental.....	264,647	5,190	-	-	1,000
Other.....	-	175,513	218,761	-	145,978
Investment income.....	-	231	1,045	-	-
TOTAL REVENUES.....	264,647	425,147	219,806	-	230,555
EXPENDITURES:					
Current:					
General government.....	5,589	127,091	85,520	-	3,059
Public safety.....	218,932	16,178	18,836	-	73,179
Education.....	-	-	-	1,262	-
Public works.....	143,446	58,297	3,619	-	152,584
Human services.....	24,386	-	8,057	-	55
Culture and recreation.....	10,235	259,289	22,508	-	36,252
TOTAL EXPENDITURES.....	402,588	460,855	138,540	1,262	265,129
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(137,941)	(35,708)	81,266	(1,262)	(34,574)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds and notes.....	-	-	-	-	-
Transfers in.....	-	-	6,250	-	-
Transfers out.....	-	(59)	(42,450)	-	(11,224)
TOTAL OTHER FINANCING SOURCES (USES)....	-	(59)	(36,200)	-	(11,224)
NET CHANGE IN FUND BALANCES.....	(137,941)	(35,767)	45,066	(1,262)	(45,798)
FUND BALANCES AT BEGINNING OF YEAR.....	195,217	264,254	164,092	25,082	272,490
FUND BALANCES AT END OF YEAR.....	\$ 57,276	\$ 228,487	\$ 209,158	\$ 23,820	\$ 226,692

Town Special Articles	School Grants	School Revolving	School Gifts	School Receipts Reserved	School Other	Restricted Funds
\$ -	\$ -	\$ 911,627	\$ -	\$ -	\$ -	\$ -
-	-	1,183,411	-	-	-	-
-	-	6,257	-	-	-	-
-	1,182,064	1,075,773	-	-	-	-
-	7,308	94,695	6,989	11,259	-	19,000
-	-	268	14	-	-	9,242
-	1,189,372	3,272,031	7,003	11,259	-	28,242
8,384	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,203,852	3,405,138	7,100	9,984	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,021
8,384	1,203,852	3,405,138	7,100	9,984	-	1,021
(8,384)	(14,480)	(133,107)	(97)	1,275	-	27,221
-	-	-	-	-	-	-
-	-	-	400	-	-	-
-	-	-	-	-	-	-
-	-	-	400	-	-	-
(8,384)	(14,480)	(133,107)	303	1,275	-	27,221
12,490	170,067	873,394	20,004	33,854	34	615,807
\$ 4,106	\$ 155,587	\$ 740,287	\$ 20,307	\$ 35,129	\$ 34	\$ 643,028

(Continued)

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FISCAL YEAR ENDED JUNE 30, 2005

			Capital Projects		
	Street Projects	Subtotal	Water	Senior Center Expansion	Other Projects
REVENUES:					
Charges for services.....	\$ -	\$ 911,627	\$ -	\$ -	\$ -
Fees.....	-	1,511,201	-	-	-
Rentals.....	-	6,257	-	-	-
Intergovernmental.....	965,573	3,494,247	-	-	-
Other.....	-	679,503	-	-	-
Investment income.....	-	10,800	-	-	-
TOTAL REVENUES.....	965,573	6,613,635	-	-	-
EXPENDITURES:					
Current:					
General government.....	-	229,643	-	-	1,100
Public safety.....	-	327,125	-	-	-
Education.....	-	4,627,336	-	-	6,960
Public works.....	1,128,059	1,486,005	1,675,036	-	357,558
Human services.....	-	32,498	-	206,053	-
Culture and recreation.....	-	329,305	-	-	-
TOTAL EXPENDITURES.....	1,128,059	7,031,912	1,675,036	206,053	365,618
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(162,486)	(418,277)	(1,675,036)	(206,053)	(365,618)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds and notes.....	-	-	2,638,000	315,000	500,000
Transfers in.....	-	6,650	-	-	22,995
Transfers out.....	-	(53,733)	(22,995)	-	(7,387)
TOTAL OTHER FINANCING SOURCES (USES)....	-	(47,083)	2,615,005	315,000	515,608
NET CHANGE IN FUND BALANCES.....	(162,486)	(465,360)	939,969	108,947	149,990
FUND BALANCES AT BEGINNING OF YEAR.....	(62,170)	2,584,615	(621,074)	(50,302)	71,503
FUND BALANCES AT END OF YEAR.....	\$ (224,656)	\$ 2,119,255	\$ 318,895	\$ 58,645	\$ 221,493

Permanent Funds					Total Nonmajor Governmental Funds
Subtotal	Foster Trust Fund	Cemetery Perpetual Care Trust Fund	Subtotal		
\$ -	\$ -	\$ -	\$ -	\$	911,627
-	-	-	-	-	1,511,201
-	-	-	-	-	6,257
-	-	-	-	-	3,494,247
-	-	-	-	-	679,503
-	307	286	593	-	11,393
-	307	286	593	-	6,614,228
1,100	-	-	-	-	230,743
-	-	-	-	-	327,125
6,960	-	-	-	-	4,634,296
2,032,594	-	-	-	-	3,518,599
206,053	-	-	-	-	238,551
-	-	-	-	-	329,305
2,246,707	-	-	-	-	9,278,619
(2,246,707)	307	286	593	-	(2,664,391)
3,453,000	-	-	-	-	3,453,000
22,995	-	-	-	-	29,645
(30,382)	-	-	-	-	(84,115)
3,445,613	-	-	-	-	3,398,530
1,198,906	307	286	593	-	734,139
(599,873)	20,692	19,248	39,940	-	2,024,682
\$ 599,033	\$ 20,999	\$ 19,534	\$ 40,533	\$	2,758,821

(Concluded)

Agency Fund

The Agency Fund is used to account for the collection and payment of charges for special details, escrow accounts, deposits and deputy collector accounts.

AGENCY FUND
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FISCAL YEAR ENDED JUNE 30, 2005

	<u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2005</u>
<u>ASSETS</u>				
CURRENT:				
Cash and cash equivalents.....	\$ 938,974	\$ 1,545,631	\$ (1,598,194)	\$ 886,411
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	<u>85,297</u>	<u>1,251,245</u>	<u>(1,157,300)</u>	<u>179,242</u>
TOTAL ASSETS.....	\$ <u>1,024,271</u>	\$ <u>2,796,876</u>	\$ <u>(2,755,494)</u>	\$ <u>1,065,653</u>
<u>LIABILITIES</u>				
Warrants payable.....	\$ 2,995	\$ 358,774	\$ (361,294)	\$ 475
Accrued payroll.....	10,487	-	(10,487)	-
Liabilities due depositors:				
Special details.....	114,762	1,869,165	(1,853,526)	130,401
Escrow accounts.....	225,000	-	-	225,000
Deposits.....	627,788	149,002	(118,885)	657,905
Deputy collector.....	1,592	-	-	1,592
Other liabilities.....	<u>41,647</u>	<u>250,213</u>	<u>(241,580)</u>	<u>50,280</u>
TOTAL LIABILITIES.....	\$ <u>1,024,271</u>	\$ <u>2,627,154</u>	\$ <u>(2,585,772)</u>	\$ <u>1,065,653</u>

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Statistical Section

Statistical tables differ from financial statements since they usually cover more than one fiscal year and may present nonaccounting data. The following tables reflect social and economic data, financial trends, and fiscal capacity.



"We Will Never Forget" 9-11 Memorial dedicated September 11, 2005 stands in front of Tewksbury's Public Library, which was completed in 1998. Bronze plaques mounted inside the memorial honor Tewksbury's own, Peter Gay and Peter Hashem.

Statistical Section

This part of the Town of Tewksbury's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Financial Trends

- These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

- These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity

- These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

- These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Town implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Net Assets By Component

Last Three Fiscal Years

	Fiscal Year		
	2003	2004	2005
Governmental activities			
Invested in capital assets, net of related debt.....	\$ 25,905,322	\$ 23,988,606	\$ 32,653,097
Restricted.....	671,941	586,320	482,861
Unrestricted.....	23,633,687	6,812,048	11,582,531
Total governmental activities net assets.....	<u>\$ 50,210,950</u>	<u>\$ 31,386,974</u>	<u>\$ 44,718,489</u>
Business-type activities			
Invested in capital assets, net of related debt.....	-	16,582,939	19,353,410
Unrestricted.....	-	611,723	297,852
Total business-type activities net assets.....	<u>\$ -</u>	<u>\$ 17,194,662</u>	<u>\$ 19,651,262</u>
Primary government			
Invested in capital assets, net of related debt.....	25,905,322	40,571,545	52,006,507
Restricted.....	671,941	586,320	482,861
Unrestricted.....	23,633,687	7,423,771	11,880,383
Total primary government net assets.....	<u>\$ 50,210,950</u>	<u>\$ 48,581,636</u>	<u>\$ 64,369,751</u>

Source: Audited Financial Statements

Note: In October 2002 Town Meeting voted to establish a sewer enterprise fund (effective FY04) to account for the activity of the Master Sewer Project. Previously the activities of the sewer department and Master Sewer Project were reported as governmental funds.

Changes in Net Assets

Last Three Fiscal Years

Fiscal Year

	2003	2004	2005
Expenses			
Governmental activities:			
General government.....	\$ 3,633,779	\$ 3,889,356	\$ 3,252,039
Public safety.....	14,633,118	15,399,741	12,274,105
Education.....	42,465,002	44,594,746	50,741,070
Public works.....	7,966,271	6,660,303	6,763,158
Sewer.....	1,858,945	-	-
Human services.....	668,920	651,344	627,043
Health and sanitation.....	2,981,269	2,840,396	3,554,919
Culture and recreation.....	2,440,159	2,577,406	2,011,778
Claims and judgments.....	-	6,000	-
Interest.....	2,458,561	1,951,475	1,665,846
State and county charges.....	401,548	353,683	416,159
Total governmental activities expenses.....	<u>79,507,572</u>	<u>78,924,450</u>	<u>81,306,117</u>
Business-type activities:			
Sewer.....	-	2,722,624	1,975,994
Total primary government expenses.....	<u>\$ 79,507,572</u>	<u>\$ 81,647,074</u>	<u>\$ 83,282,111</u>
Program Revenues			
Governmental activities:			
Education charges for services.....	\$ 2,513,999	\$ 2,800,310	\$ 3,009,477
Public Safety charges for services.....	940,401	1,247,467	1,355,772
Other charges for services.....	7,753,026	6,320,737	5,587,648
Operating grants and contributions.....	18,494,984	18,100,918	22,245,887
Capital grant and contributions.....	14,004	902,148	11,412,169
Total governmental activities program revenues.....	<u>29,716,414</u>	<u>29,371,580</u>	<u>43,610,953</u>
Business-type activities:			
Charges for services - sewer.....	-	3,015,810	3,886,270
Nonoperating grants and contributions.....	-	187,517	179,245
Total business-type activities program revenues.....	<u>-</u>	<u>3,203,327</u>	<u>4,065,515</u>
Total primary government program revenues.....	<u>\$ 29,716,414</u>	<u>\$ 32,574,907</u>	<u>\$ 47,676,468</u>
Net (Expense)/Revenue			
Governmental activities.....	\$ (49,791,158)	\$ (50,455,018)	\$ (37,695,164)
Business-type activities.....	<u>-</u>	<u>480,703</u>	<u>2,089,521</u>
Total primary government net expense.....	<u>\$ (49,791,158)</u>	<u>\$ (49,974,315)</u>	<u>\$ (35,605,643)</u>
General Revenues and other Changes in Net Assets			
Governmental activities:			
Real estate and personal property taxes, net of tax refunds payable.....	\$ 39,071,407	\$ 40,942,805	\$ 43,214,802
Tax liens.....	378,540	242,418	332,008
Motor vehicle and other excise taxes.....	3,727,259	3,766,073	3,974,668
Hotel/motel tax.....	346,128	306,612	408,803
Penalties and interest on taxes.....	211,680	229,154	239,322
Grants and contributions not restricted to specific programs.....	2,876,582	2,660,707	2,977,289
Unrestricted investment income.....	344,747	181,534	221,848
Miscellaneous.....	91,681	15,698	18,039
Transfers.....	-	(367,472)	(360,100)
Total governmental activities.....	<u>47,048,024</u>	<u>47,977,529</u>	<u>51,026,679</u>
Business-type activities:			
Transfers.....	-	367,472	360,100
Total primary government.....	<u>\$ 47,048,024</u>	<u>\$ 48,345,001</u>	<u>\$ 51,386,779</u>
Changes in Net Assets			
Governmental activities.....	\$ (2,743,134)	\$ (2,477,489)	\$ 13,331,515
Business-type activities.....	<u>-</u>	<u>848,175</u>	<u>2,456,600</u>
Total primary government.....	<u>\$ (2,743,134)</u>	<u>\$ (1,629,314)</u>	<u>\$ 15,788,115</u>

Source: Audited Financial Statements

**Town of Tewksbury, Massachusetts
Fund Balances, Governmental Funds**

Last Ten Fiscal Years

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General Fund										
Reserved.....	\$ 369,371	\$ 372,168	\$ 313,541	\$ 1,269,591	\$ 164,810	\$ 417,792	\$ 345,214	\$ 436,752	\$ 385,794	\$ 314,351
Unreserved.....	<u>2,602,193</u>	<u>1,653,900</u>	<u>3,705,432</u>	<u>3,949,835</u>	<u>4,325,636</u>	<u>6,792,747</u>	<u>5,906,222</u>	<u>5,098,831</u>	<u>3,945,451</u>	<u>4,573,168</u>
Total general fund.....	<u>\$ 2,971,564</u>	<u>\$ 2,026,068</u>	<u>\$ 4,018,973</u>	<u>\$ 5,219,426</u>	<u>\$ 4,490,446</u>	<u>\$ 7,210,539</u>	<u>\$ 6,251,436</u>	<u>\$ 5,535,583</u>	<u>\$ 4,331,245</u>	<u>\$ 4,887,519</u>
All Other Governmental Funds										
Unreserved, reported in:										
Special revenue funds.....	\$ 898,606	\$ 862,415	\$ 1,053,871	\$ 1,488,448	\$ 1,698,550	\$ 2,542,917	\$ 4,900,093	\$ 2,696,863	\$ 2,584,615	\$ 2,119,255
Capital projects funds.....	2,047,394	4,265,739	3,863,450	(824,516)	1,458,265	(2,530,390)	(7,818,737)	(12,506,972)	(12,730,396)	(11,579,806)
Permanent funds.....	-	-	-	-	-	-	-	39,410	39,940	40,533
Total all other governmental funds...	<u>\$ 2,946,000</u>	<u>\$ 5,128,154</u>	<u>\$ 4,917,321</u>	<u>\$ 663,932</u>	<u>\$ 3,156,815</u>	<u>\$ 12,527</u>	<u>\$ (2,918,644)</u>	<u>\$ (9,770,699)</u>	<u>\$ (10,105,841)</u>	<u>\$ (9,420,018)</u>

Fiscal years 1996 through 2002 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.

Source: Audited Financial Statements

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 26,276,401	\$ 28,705,732	\$ 29,734,296	\$ 31,043,286	\$ 33,433,785	\$ 35,214,431	\$ 37,820,568	\$ 40,413,746	\$ 41,183,476	\$ 43,361,398
Motor vehicle and other excise taxes.....	2,103,563	2,333,179	2,576,872	2,782,972	3,222,265	4,188,853	4,000,072	4,082,840	4,127,482	5,114,625
Charges for services.....	-	-	-	1,620,394	1,318,688	1,532,028	1,519,220	1,527,936	1,494,438	1,563,245
Water and sewer user charges.....	3,896,165	3,901,308	4,189,069	3,946,510	4,487,138	4,253,810	4,763,359	4,573,092	3,103,006	3,167,975
Penalties and interest on taxes.....	712,029	702,675	914,651	246,385	179,365	184,777	208,125	211,680	229,154	239,322
Fees.....	-	-	-	893,994	1,208,119	1,465,606	1,397,182	1,511,475	1,680,958	1,704,507
Rentals.....	-	-	-	173,928	218,527	389,077	378,349	367,949	388,730	402,774
Payment in lieu of taxes.....	-	-	-	33,672	30,192	36,758	36,523	33,688	27,720	20,328
Licenses and permits.....	-	-	-	519,806	510,357	525,814	338,598	387,816	547,106	614,085
Fines and forfeitures.....	-	-	-	104,613	111,732	137,217	125,404	115,346	142,139	138,544
Intergovernmental.....	11,588,066	12,151,616	14,181,251	17,933,084	19,798,293	19,149,389	22,068,592	22,415,290	21,794,338	25,752,246
Departmental and other.....	-	2,486,647	3,246,987	786,896	951,669	900,542	492,581	653,375	699,157	801,572
Sale of land.....	-	-	-	-	-	-	2,806,824	-	-	-
Investment income.....	-	-	-	681,283	723,284	808,654	509,652	315,175	162,054	204,679
Total Revenue.....	47,114,026	50,281,157	54,843,126	60,766,823	66,193,414	68,786,956	76,465,049	76,609,408	75,579,758	83,085,300
Expenditures:										
General government.....	6,169,336	3,950,956	4,154,611	2,034,000	2,324,588	2,634,349	2,781,296	2,965,297	2,985,785	2,704,507
Public safety.....	6,544,126	7,152,143	7,712,921	8,212,109	8,733,414	9,123,710	9,801,269	11,452,022	11,339,500	9,892,398
Education.....	22,826,718	24,564,227	26,173,811	27,437,920	30,273,600	31,876,261	34,088,231	39,154,583	39,482,802	42,157,017
Public works.....	4,800,571	4,600,640	4,002,407	7,282,661	5,122,227	4,827,870	5,679,466	5,776,884	5,042,506	6,320,982
Human services.....	260,684	267,100	276,752	329,334	366,890	325,715	381,458	410,452	421,640	380,130
Health and sanitation.....	1,731,277	1,794,833	1,856,881	1,838,935	2,138,513	1,519,757	2,694,246	2,924,390	2,767,355	3,481,795
Culture and recreation.....	439,681	527,451	573,115	913,787	1,068,264	1,362,444	1,458,939	1,780,140	1,726,775	1,774,176
Pension benefits.....	-	-	-	1,602,987	4,466,852	1,687,740	4,675,097	5,553,874	6,731,924	2,961,251
Employee benefits.....	-	-	-	3,613,501	5,151,339	5,691,967	6,778,135	888,101	922,710	8,347,238
Claims and judgments.....	-	-	-	-	-	-	-	-	6,000	-
State and county charges.....	-	-	-	259,898	250,185	227,514	381,434	401,548	353,683	416,159
Capital outlay.....	3,774,950	4,856,809	10,354,095	13,510,742	8,340,291	5,627,455	11,585,878	7,626,489	2,673,607	2,302,410
Debt service.....	-	-	-	-	-	-	-	-	-	-
Principal.....	2,205,000	2,570,000	2,881,734	3,248,080	3,266,210	3,394,837	3,553,724	3,898,982	2,944,669	3,041,740
Interest.....	1,405,079	1,581,816	1,609,286	1,844,529	2,163,610	2,476,532	2,394,527	2,518,970	1,925,731	1,661,300
Total Expenditures.....	50,157,422	51,865,975	59,595,613	72,128,483	73,665,983	70,776,151	86,253,700	85,351,732	79,324,687	85,441,103
Excess of revenues over (under) expenditures.....	<u>(3,043,396)</u>	<u>(1,584,818)</u>	<u>(4,752,487)</u>	<u>(11,361,660)</u>	<u>(7,472,569)</u>	<u>(1,989,195)</u>	<u>(9,788,651)</u>	<u>(8,742,324)</u>	<u>(3,744,929)</u>	<u>(2,355,803)</u>
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	5,520,000	6,895,002	9,150,000	6,315,000	9,995,000	1,565,000	6,106,000	-	2,246,000	3,453,000
Premium from issuance of bonds.....	-	-	-	-	-	-	-	-	122,738	-
Issuance of refunding bonds.....	-	-	-	2,535,000	-	-	-	-	-	-
Payments to refunded bond escrow agent.....	-	-	-	(2,522,935)	-	-	-	-	-	-
Issuance cost of refunding bonds.....	-	-	-	(12,065)	-	-	-	-	-	-
Capital lease financing.....	-	-	-	-	-	-	-	-	-	505,000
Transfers in.....	368,284	417,187	581,478	90,477	686,211	105,855	236,834	3,434,523	175,232	67,770
Transfers out.....	(368,284)	(3,673,815)	(3,196,919)	(90,477)	(1,040,964)	(105,855)	(444,457)	(3,434,523)	(542,704)	(427,870)
Total other financing sources (uses).....	5,520,000	3,638,374	6,534,559	6,315,000	9,640,247	1,565,000	5,898,377	-	2,001,266	3,597,900
Net change in fund balance.....	\$ 2,476,604	\$ 2,053,556	\$ 1,782,072	\$ (5,046,660)	\$ 2,167,678	\$ (424,195)	\$ (3,890,274)	\$ (8,742,324)	\$ (1,743,663)	\$ 1,242,097
Debt service as a percentage of noncapital expenditures.....	7.78%	8.83%	9.12%	8.69%	8.31%	9.01%	7.97%	8.26%	6.35%	5.66%

Notes:

Fiscal years 1996 through 2002 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.

In fiscal year 2000, the on-behalf payments by the Commonwealth for teachers pension benefits were reported for the first time.

In fiscal year 2003, sewer charges for services were reclassified to the Sewer Enterprise Fund which was established in accordance with GASB 34.

In fiscal years 1996-2003, public works included sewer

In fiscal year 1996-1997, real estate & personal property taxes were net of the provision for abatements and exemptions of \$583,083 and \$648,786, respectively.

In fiscal year 1996 debt service interest included temporary loans

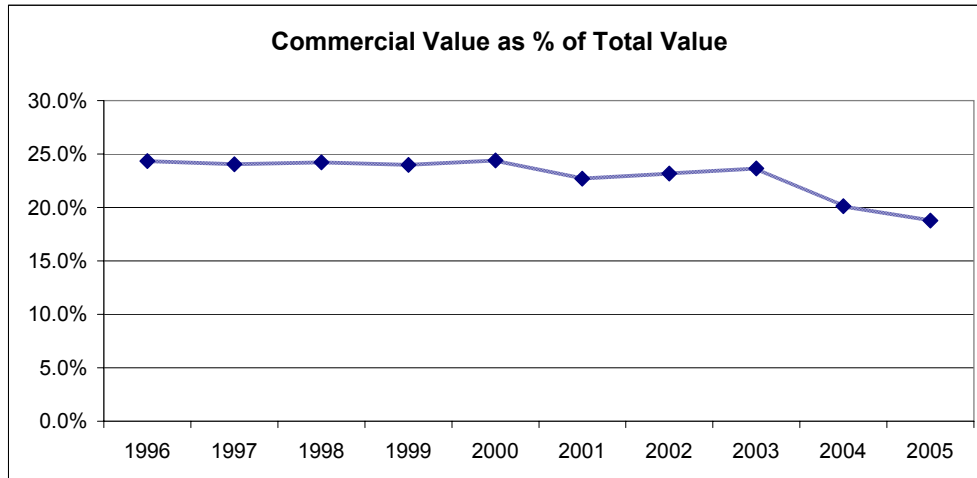
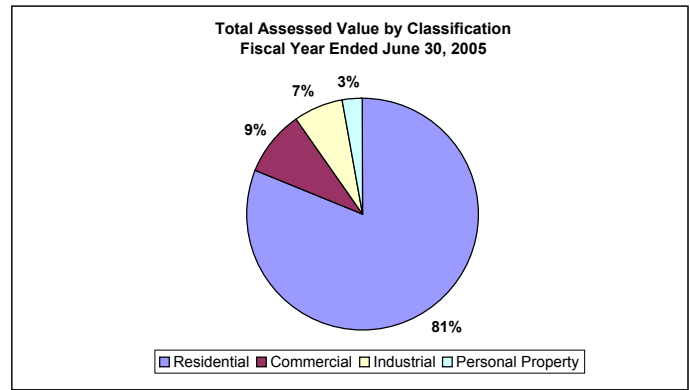
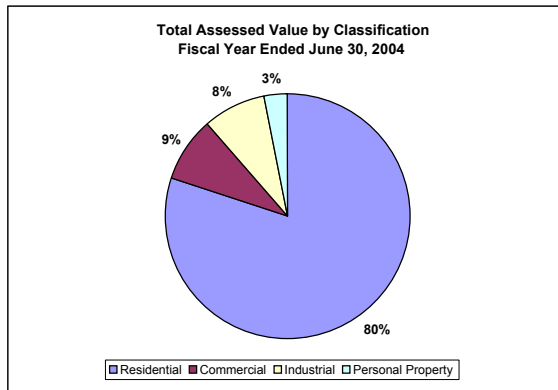
In fiscal year 1997, interest was on both taxes and investments

Source: Audited Financial Statements

Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates

Last Ten Fiscal Years

Fiscal Year	Assessed and Actual Values and Tax Rates							
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Town Value
1996	\$ 1,278,594,100	\$ 13.68	\$ 194,194,600	\$ 162,446,600	\$ 54,461,705	\$ 411,102,905	\$ 22.38	\$ 1,689,697,005
1997	\$ 1,305,200,800	\$ 14.42	\$ 192,114,600	\$ 162,387,000	\$ 58,509,305	\$ 413,010,905	\$ 23.65	\$ 1,718,211,705
1998 (1)	\$ 1,412,466,400	\$ 13.98	\$ 208,805,400	\$ 183,230,500	\$ 59,300,110	\$ 451,336,010	\$ 22.78	\$ 1,863,802,410
1999	\$ 1,429,883,900	\$ 14.61	\$ 206,273,500	\$ 180,610,700	\$ 64,226,270	\$ 451,110,470	\$ 23.89	\$ 1,880,994,370
2000	\$ 1,456,772,100	\$ 15.00	\$ 211,126,600	\$ 186,100,300	\$ 73,275,410	\$ 470,502,310	\$ 24.47	\$ 1,927,274,410
2001 (1)	\$ 1,901,809,100	\$ 12.65	\$ 250,734,900	\$ 224,132,200	\$ 83,422,345	\$ 558,289,445	\$ 21.23	\$ 2,460,098,545
2002	\$ 1,947,332,000	\$ 13.00	\$ 258,935,700	\$ 242,208,200	\$ 85,787,785	\$ 586,931,685	\$ 21.65	\$ 2,534,263,685
2003	\$ 1,972,715,200	\$ 13.60	\$ 263,377,400	\$ 250,510,800	\$ 97,098,230	\$ 610,986,430	\$ 22.47	\$ 2,583,701,630
2004 (1)	\$ 2,788,132,061	\$ 10.39	\$ 308,044,639	\$ 287,900,100	\$ 106,443,240	\$ 702,387,979	\$ 18.87	\$ 3,490,520,040
2005	\$ 3,076,067,654	\$ 10.10	\$ 344,037,646	\$ 261,642,000	\$ 104,535,430	\$ 710,215,076	\$ 18.08	\$ 3,786,282,730



Source: Official Statements, Town of Tewksbury
All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.
(1) Revaluation Year

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

Town of Tewksbury, Massachusetts

Principal Taxpayers

Current Year and Nine Years Ago

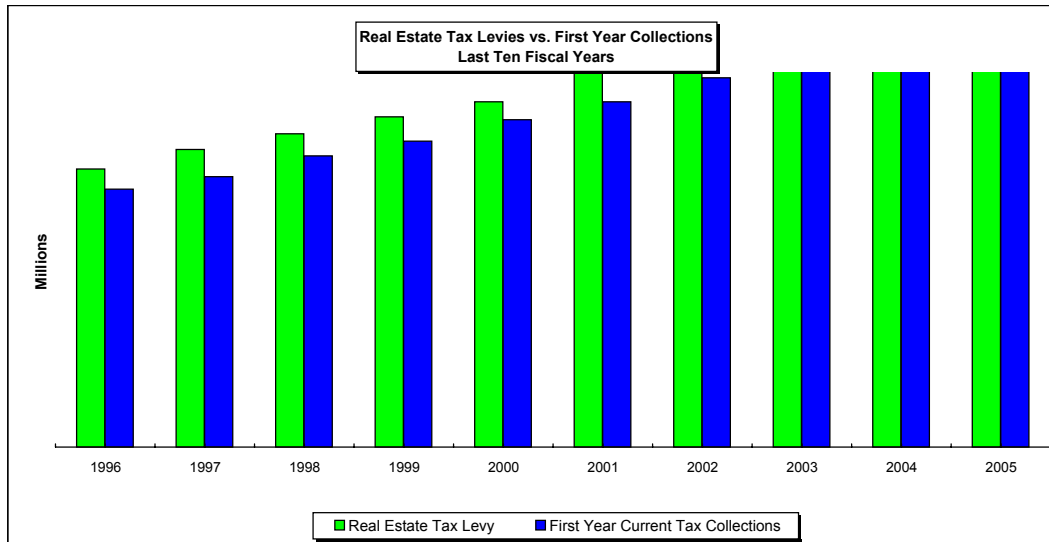
Name	Nature of Business	2005			1996		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
New England Power Company	Utility	\$ 52,482,410	1	2%	\$ 21,828,990	4	2%
Raytheon Manufacturing Corp.	Electronics/Research	\$ 50,242,800	2	2%	\$ 39,046,860	1	3%
495 Network Center	Electronics	\$ 29,920,100	3	1%	n/a	n/a	n/a
Highwood Holdings	Office Buildings	\$ 29,004,400	4	1%	n/a	n/a	n/a
Stonewood LLC	Development Corporation	\$ 24,832,200	5	1%	n/a	n/a	n/a
Demoulas Supermarkets, Inc.	Food Warehouse	\$ 24,190,380	6	1%	n/a	n/a	n/a
Colonial Gas/Lowell Gas	Utility	\$ 19,931,560	7	1%	\$ 19,813,952	5	n/a
DSM Realty/Valley Prop.	Shopping Center & Warehouse	\$ 18,898,400	8	1%	\$ 30,924,410	2	3%
Ames Pond LLC	Corporate Office Park	\$ 18,567,800	9	1%	n/a	n/a	n/a
BCIA 1925 Andover Street	Computer Systems (AVID)	\$ 16,408,400	10	1%	n/a	n/a	n/a
Metropolitan Life Insurance	Insurance	n/a	n/a	n/a	\$ 24,186,300	3	2%
RJR Vent LTD	Electronics	n/a	n/a	n/a	\$ 11,432,600	6	1%
Massachusetts Electric Company	Utility	n/a	n/a	n/a	\$ 9,527,650	7	1%
Digital Equipment Corp.	Electronics	n/a	n/a	n/a	\$ 7,073,000	8	1%
Linda & Marianne Matarazzo Trustees	Shopping Center	n/a	n/a	n/a	\$ 6,563,600	9	1%
Wal-Mart	Shopping Center	n/a	n/a	n/a	\$ 6,287,600	10	1%
Totals		<u>\$ 284,478,450</u>		<u>12%</u>	<u>\$ 176,684,962</u>		<u>13%</u>

Source: Official Statements, Town of Tewksbury

Town of Tewksbury, Massachusetts

Property Tax Levies and Collections

Fiscal Year		(2) Total Tax Levy	Less Abatements & Exemptions	(2) Net Tax Levy	(3) First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
1995		\$ 25,777,566	\$ 722,899	\$ 25,054,667	\$ 24,277,957	96.9%	\$ 413,368	\$ 24,691,325	99%
1996		\$ 26,755,513	\$ 583,083	\$ 26,172,430	\$ 25,441,683	97.2%	\$ 452,693	\$ 25,894,376	99%
1997		\$ 28,656,940	\$ 648,787	\$ 28,008,153	\$ 27,423,400	97.9%	\$ 555,431	\$ 27,978,831	100%
1998	(1)	\$ 30,092,387	\$ 616,699	\$ 29,475,688	\$ 28,808,249	97.7%	\$ 617,927	\$ 29,426,176	100%
1999		\$ 31,737,152	\$ 659,969	\$ 31,077,183	\$ 30,814,206	99.2%	\$ 491,317	\$ 31,305,523	101%
2000		\$ 33,434,468	\$ 919,696	\$ 32,514,772	\$ 32,509,712	100.0%	\$ 557,427	\$ 33,067,139	102%
2001	(1)	\$ 35,975,838	\$ 699,875	\$ 35,275,963	\$ 34,766,975	98.6%	\$ 485,384	\$ 35,252,359	100%
2002		\$ 38,080,992	\$ 492,324	\$ 37,588,668	\$ 37,038,886	98.5%	\$ 571,970	\$ 37,610,856	100%
2003		\$ 40,619,921	\$ 684,229	\$ 39,935,692	\$ 37,525,966	94.0%	\$ 326,170	\$ 37,852,136	95%
2004	(1)	\$ 42,274,260	\$ 1,090,811	\$ 41,183,449	\$ 39,332,690	95.5%	\$ 653,012	\$ 39,985,702	97%
2005		\$ 43,953,567	\$ 720,755	\$ 43,232,812	\$ 42,994,346	99.4%	\$ 449,472	\$ 43,443,818	100%



(1) Revaluation year

(2) Includes tax liens

(3) Actual collections of levy less refunds and amounts refundable but not including proceeds of tax titles and tax possessions attributed to such levy but not including abatements or other credits.

Source: Official Statements, Town of Tewksbury
Annual Reports, Town of Tewksbury

Town of Tewksbury, Massachusetts

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Fiscal Years

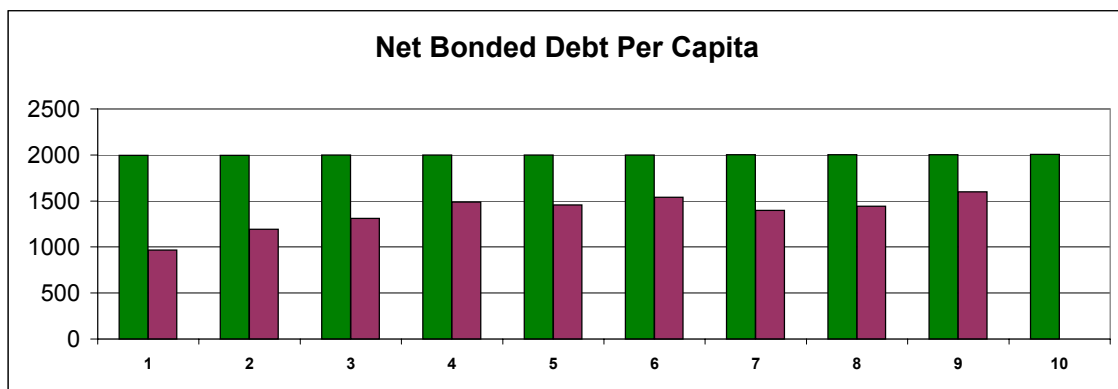
Fiscal Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities Debt				
				General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
1996	28,009	\$ 734,984,169	\$ 25,536,661	\$ 22,805,000	\$ 203,977	\$ 821	3.13%	90.10%
1997	28,320	\$ 743,145,120	\$ 27,306,214	\$ 27,130,002	\$ 223,087	\$ 966	3.68%	100.17%
1998	28,135	\$ 738,290,535	\$ 28,748,365	\$ 33,398,268	\$ 187,695	\$ 1,194	4.55%	116.83%
1999	29,074	\$ 762,930,834	\$ 30,202,792	\$ 37,368,596	\$ 749,758	\$ 1,311	5.00%	126.21%
2000	30,315	\$ 795,495,915	\$ 34,204,781	\$ 44,097,386	\$ 1,014,150	\$ 1,488	5.67%	131.89%
2001	29,770	\$ 1,237,032,810	\$ 34,458,761	\$ 42,267,549	\$ 1,145,068	\$ 1,458	3.51%	125.98%
2002	29,960	\$ 1,244,927,880	\$ 36,441,012	\$ 44,819,825	\$ 1,365,695	\$ 1,542	3.71%	126.74%
2003	29,979	\$ 1,245,717,387	\$ 38,739,314	\$ 40,920,843	\$ 971,448	\$ 1,397	3.36%	108.14%
2004	30,859	\$ 1,282,284,027	\$ 40,518,518	\$ 32,544,207	\$ 1,027,918	\$ 1,088	2.62%	82.86%
2005	32,542	\$ 1,352,217,726	\$ 42,338,104	\$ 32,955,467	\$ 1,178,622	\$ 1,049	2.52%	80.62%

Fiscal Year	Business-type Activities (1)		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value

1996	\$ -	\$ -	\$ 23,008,977	\$ 821	3.13%	90.10%
1997	\$ -	\$ -	\$ 27,353,089	\$ 966	3.68%	100.17%
1998	\$ -	\$ -	\$ 33,585,963	\$ 1,194	4.55%	116.83%
1999	\$ -	\$ -	\$ 38,118,354	\$ 1,311	5.00%	126.21%
2000	\$ -	\$ -	\$ 45,111,536	\$ 1,488	5.67%	131.89%
2001	\$ -	\$ -	\$ 43,412,617	\$ 1,458	3.51%	125.98%
2002	\$ -	\$ -	\$ 46,185,520	\$ 1,542	3.71%	126.74%
2003	\$ -	\$ -	\$ 41,892,291	\$ 1,397	3.36%	108.14%
2004	\$ 10,913,205	\$ -	\$ 44,485,330	\$ 1,442	3.47%	109.79%
2005	\$ 17,968,559	\$ -	\$ 52,102,648	\$ 1,601	3.85%	123.06%

(1) Sewer Fund established in 2004.

Source: Audited Financial Statements, U. S. Census



Town of Tewksbury, Massachusetts
Direct and Overlapping Governmental Activities Debt

As of June 30, 2005

<u>Town of Tewksbury, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Shawsheen Valley Regional Vocational Technical School..... \$	1,440,000	29%	\$ 412,416 (1)
Town direct debt.....			<u>32,955,467</u>
Total direct and overlapping debt.....			<u>\$ 33,367,883</u>

(1) Note: Debt is as of February 15, 2005.

Source: Shawsheen Valley Regional Technical Vocational High School.

Town of Tewksbury, Massachusetts

Computation of Legal Debt Margin

Last Ten Fiscal Years

	<u>1996</u>	<u>1997</u>	⁽¹⁾ <u>1998</u>	<u>1999</u>	<u>2000</u>	⁽¹⁾ <u>2001</u>	<u>2002</u>	<u>2003</u>	⁽¹⁾ <u>2004</u>	<u>2005</u>
Equalized Valuation	\$ 1,716,897,900	\$ 1,830,605,100	\$ 1,830,605,100	\$ 1,992,894,400	\$ 1,992,894,400	\$ 2,314,582,000	\$ 2,314,582,000	\$ 3,003,930,000	\$ 3,003,930,000	\$ 3,772,192,300
Debt Limit -5% of Equalized Valuation	\$ 85,844,895	\$ 91,530,255	\$ 91,530,255	\$ 99,644,720	\$ 99,644,720	\$ 115,729,100	\$ 115,729,100	\$ 150,196,500	\$ 150,196,500	\$ 188,609,615
Less:										
Outstanding debt applicable to limit	\$ 13,134,000	\$ 14,497,500	\$ 25,188,268	\$ 29,166,791	\$ 28,878,310	\$ 27,761,068	\$ 31,388,788	\$ 28,663,321	\$ 26,555,806	\$ 24,790,990
Authorized and unissued debt	\$ 11,866,000	\$ 4,970,998	\$ 16,059,689	\$ 13,120,925	\$ 19,665,925	\$ 20,940,925	\$ 18,690,925	\$ 99,536,925	\$ 92,198,085	\$ 94,812,085
Legal debt margin	\$ 60,844,895	\$ 72,061,757	\$ 50,282,298	\$ 57,357,004	\$ 51,100,485	\$ 67,027,107	\$ 65,649,387	\$ 21,996,254	\$ 31,442,609	\$ 69,006,540
Total debt applicable to the limit as a percentage of debt limit	29.12%	21.27%	45.06%	42.44%	48.72%	42.08%	43.27%	85.36%	79.07%	63.41%

(1) Revaluation year

Source: Official Statements, Town of Tewksbury and State Records

Town of Tewksbury, Massachusetts
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	(1) School Enrollment	Unemployment Rate
1996	28,009	\$ 1,052,035,430	\$ 37,561	32.9	4,353	3.7%
1997	28,320	\$ 1,085,425,289	\$ 38,327	32.9	4,408	3.5%
1998	28,135	\$ 1,100,341,595	\$ 39,109	32.9	4,479	2.8%
1999	29,074	\$ 1,160,270,690	\$ 39,908	32.9	4,577	3.0%
2000	30,315	\$ 1,234,485,611	\$ 40,722	32.9	4,706	2.3%
2001	29,770	\$ 1,237,032,810	\$ 41,553	37.6	4,780	3.4%
2002	29,960	\$ 1,269,826,438	\$ 42,384	37.6	4,941	5.3%
2003	29,979	\$ 1,296,044,369	\$ 43,232	37.6	5,012	6.1%
2004	30,859	\$ 1,360,770,068	\$ 44,096	37.6	5,055	4.9%
2005	32,542	\$ 1,463,683,954	\$ 44,978	37.6	5,077	4.3%

(1) Includes Shawsheen Valley Regional Vocational/Technical HS, Tewksbury students only
As of October 1 of each year

Source: Tewksbury Town Report, respective year
Official Statements, Town of Tewksbury
Massachusetts Department of Employment & Training (www.detma.org)

Town of Tewksbury, Massachusetts

Principal Employers (excluding Town)

Current Year and Nine Years Ago

Employer	Nature of Business	2005			1996		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Raytheon Manufacturing Co.	Electronics & Research	2,400	1	15.1%	2,429	1	15.1%
Tewksbury State Hospital	Hospital	1,000	2	6.3%	735	4	4.6%
Demoulas Warehouse/Stores	Grocery Store Warehouse	900	3	5.7%	800	3	5.0%
Avid Technology, Inc.	Computer Systems	652	4	4.1%	850	2	5.3%
Getronics	Electronics	380	5	2.4%	n/a	n/a	-
Wal-Mart	Department Store	268	6	1.7%	n/a	n/a	-
Home Depot	Building/Hardware	250	7	1.6%	220	7	1.4%
Holiday Inn	Motel	113	8	0.7%	117	8	0.7%
ECRM	Manufacturing Printers	110	9	0.7%	n/a	n/a	-
Metropolitan Life Insurance	Insurance	63	10	0.4%	330	6	2.0%
Wang Laboratories	Electronics	n/a	n/a	-	522	5	3.2%
Muro Pharmaceutical, Inc.	Manufacturing Pharmaceuticals	n/a	n/a	-	110	9	0.7%
		6,136		39%	6,113		38%

n/a - Information not available

Source: Each company, December, 2004 and 1996 respectively

Town of Tewksbury, Massachusetts
Full-time Equivalent Town Employees by Function
Last Ten Fiscal Years

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Function										
General government.....	32	32	32	34	35	36	35	32	33	33
Public safety.....	125	137	139	142	138	132	127	127	133	133
Education.....	387	376	380	377	368	397	423	420	428	411
Public works.....	37	37	38	38	45	43	45	44	45	38
Human services.....	3	3	4	4	4	4	4	4	4	4
Health and sanitation.....	3	3	3	3	4	4	4	5	5	5
Culture and recreation.....	12	16	16	16	14	21	22	22	21	22
Total	<u>599</u>	<u>604</u>	<u>612</u>	<u>614</u>	<u>608</u>	<u>637</u>	<u>660</u>	<u>654</u>	<u>669</u>	<u>646</u>

Note: The Town began accumulating data effective FY2005. The Town will accumulate for all fiscal years going forward.

Town of Tewksbury, Massachusetts

Operating Indicators/Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General Government										
Number of Buildings.....	6	6	6	6	7	7	7	7	7	7
Police										
Motor vehicle citation.....	n/a	2,905	2,741	2,674	4,256	4,130	n/a	n/a	3,076	n/a
Number of Stations.....	1	1	1	1	1	1	1	1	1	1
Police personnel and officers.....	67	83	85	88	76	75	71	68	72	72
Fire										
Inspections.....	1,305	1,187	1,214	1,215	1,063	961	935	633	n/a	n/a
Fire stations.....	3	3	3	3	3	3	3	3	3	3
Fire personnell and officers.....	55	51	51	51	53	53	52	55	58	58
Education										
Number of elementary schools.....	4	4	4	5	5	5	5	5	5	5
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Number of teachers.....	242	245	245	250	257	278	292	294	297	280
Number of administrators.....	17	17	17	17	17	18	18	18	18	18
Number of students.....	3,962	4,041	4,159	4,272	4,395	4,456	4,629	4,664	4,730	4,731
Public works										
Water mains (miles).....	158	158	158	158	158	158	158	158	158	158
Fire hydrants.....	1,428	1,442	1,457	1,472	1,486	1,501	1,517	1,532	1,547	1,563
Sanitary sewers (miles).....	37	37	40	44	49	49	54	54	54	59
Storm drains.....	2,493	2,518	2,544	2,569	2,595	2,621	2,648	2,675	2,702	2,729
Culture and Recreation										
Parks and playgrounds.....	1	1	1	1	1	1	1	1	1	1
Park and playground (acreage).....	27	27	27	27	27	27	27	27	27	27
Fields - baseball.....	10	10	10	10	10	10	10	10	10	10
Fields - football.....	2	2	2	2	2	2	2	2	2	2
Fields - soccer.....	1	1	1	1	1	1	1	1	1	1
Tennis courts.....	2	2	2	2	2	2	2	2	2	2

Source: Various Town Departments
Tewksbury Town Report, respective year